MEDBOT
医疗机器人

Shanghai MicroPort MedBot (Group) Co., Ltd.

上海微创医疗机器人（集团）股份有限公司

(a joint stock company incorporated in People's Republic of China with limited liability)

Stock Code: 2252

GLOBAL OFFERING

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

J.P.Morgan

CICC 中金公司

Joint Lead Managers

富途證券

利弗莫尔证券

IMPORTANT

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

Shanghai MicroPort MedBot (Group) Co., Ltd.

上海微创医疗机器人(集团)股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**36,200,000 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**3,620,000 H Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**32,580,000 H Shares (including 1,810,000 Reserved Shares under the Preferential Offering) (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$43.20 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	**:**	**RMB1.00 per H Share**
Share Stock Code	**:**	**2252**

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

J.P.Morgan　　CICC 中金公司

Joint Lead Managers

富途證券　　利弗莫尔证券

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

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

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, October 26, 2021 (Hong Kong time) and, in any event, not later than Thursday, October 28, 2021 (Hong Kong time). The Offer Price will be not more than HK$43.20 per Offer Share and is currently expected to be not less than HK$36.00 per Offer Share. If, for any reason, the Offer Price is not agreed by Thursday, October 28, 2021 (Hong Kong time) between the Joint Global Coordinators (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$43.20 for each Hong Kong Offer Share together with brokerage fee of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$43.20 per Offer Share.

We are incorporated, and a majority of our business is located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated businesses. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set out in the sections headed "Risk Factors," "Appendix IV—Summary of Principal Legal and Regulatory Provisions" and "Appendix V—Summary of Articles of Association" to this prospectus.

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

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

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.medbotsurgical.com**). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

October 21, 2021

IMPORTANT NOTICE TO INVESTORS
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "*HKEXnews* > *New Listings* > *New Listing Information*" section, and our website at www.medbotsurgical.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online through the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

  (i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

  (ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our H Share Registrar and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, both at +852 2862 8646 on the following dates:

Thursday, October 21, 2021 — 9:00 a.m. to 9:00 p.m.
Friday, October 22, 2021 — 9:00 a.m. to 9:00 p.m.
Saturday, October 23, 2021 — 9:00 a.m. to 6:00 p.m.
Sunday, October 24, 2021 — 9:00 a.m. to 6:00 p.m.
Monday, October 25, 2021 — 9:00 a.m. to 9:00 p.m.
Tuesday, October 26, 2021 — 9:00 a.m. to 12:00 noon

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to "How to Apply for Hong Kong Offer Shares and Reserved Shares" for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **White Form eIPO** service or by giving **electronic application instructions** to HKSCC must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

Shanghai MicroPort MedBot (Group) Co., Ltd.

(HK$43.20 per Hong Kong Offer Share)

NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK$		HK$		HK$		HK$
500	21,817.66	10,000	436,353.26	80,000	3,490,826.11	1,200,000	52,362,391.68
1,000	43,635.33	15,000	654,529.90	85,000	3,709,002.74	1,400,000	61,089,456.96
1,500	65,452.99	20,000	872,706.53	90,000	3,927,179.38	1,600,000	69,816,522.24
2,000	87,270.65	25,000	1,090,883.16	95,000	4,145,356.01	1,810,000(1)	78,979,940.78
2,500	109,088.32	30,000	1,309,059.79	100,000	4,363,532.64		
3,000	130,905.98	35,000	1,527,236.42	200,000	8,727,065.28		
3,500	152,723.64	40,000	1,745,413.06	300,000	13,090,597.92		
4,000	174,541.31	45,000	1,963,589.69	400,000	17,454,130.56		
4,500	196,358.97	50,000	2,181,766.32	500,000	21,817,663.20		
5,000	218,176.63	55,000	2,399,942.95	600,000	26,181,195.84		
6,000	261,811.96	60,000	2,618,119.58	700,000	30,544,728.48		
7,000	305,447.28	65,000	2,836,296.22	800,000	34,908,261.12		
8,000	349,082.61	70,000	3,054,472.85	900,000	39,271,793.76		
9,000	392,717.94	75,000	3,272,649.48	1,000,000	43,635,326.40		

Note:

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Despatch of **BLUE** Application Forms to Qualifying MicroPort Shareholders	Thursday, October 21, 2021
Hong Kong Public Offering and Preferential Offering commence	9:00 a.m. on Thursday, October 21, 2021
Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2]	11:30 a.m. on Tuesday, October 26, 2021
Application lists of the Hong Kong Public Offering and the Preferential Offering open[3]	11:45 a.m. on Tuesday, October 26, 2021
Latest time to lodge **BLUE** Application Form	12:00 noon on Tuesday, October 26, 2021
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Tuesday, October 26, 2021
Latest time to complete payment of **White Form eIPO** applications by effecting Internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Tuesday, October 26, 2021

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists of the Hong Kong Public Offering and the Preferential Offering close	12:00 noon on Tuesday, October 26, 2021
Expected Price Determination Date[5]	Tuesday, October 26, 2021

(1) Announcement of:

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

to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.medbotsurgical.com**[6] on or before — Monday, November 1, 2021

(2) Announcement of results of allocations in the Hong Kong Public Offering and the Preferential Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares — E. Publication of Results" in this prospectus — Monday, November 1, 2021

(3) A full announcement of the Hong Kong Public Offering and the Preferential Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.medbotsurgical.com**[6] from	Monday, November 1, 2021
Results of allocations in the Hong Kong Public Offering and the Preferential Offering will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment;** Chinese **https://www.eipo.com.hk/zh-hk/Allotment)** with a "search by ID" function from	8:00 a.m. on Monday, November 1, 2021 to 12:00 midnight on Sunday, November 7, 2021
Allocation results telephone enquiry by calling +852 2862 8555 between	9:00 a.m. and 6:00 p.m. Monday, November 1, 2021 to Thursday, November 4, 2021
Despatch / Collection of H Share certificates or deposit of the H Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering and the Preferential Offering on or before[7]	Monday, November 1, 2021
Despatch / Collection of refund checks and White Form e-Refund payment instructions in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and the Preferential Offering on or before[8][9]	Monday, November 1, 2021
Dealings in H Shares on the Stock Exchange expected to commence at 9:00 a.m. on	Tuesday, November 2, 2021

Notes:

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

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

(3) If there is/are a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning and/or Extreme Conditions in force at any time between 9:00 a.m. and 12:00 noon on Tuesday, October 26, 2021, the application lists will not open on that day. See the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares—D. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this prospectus.

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

(5) The Price Determination Date is expected to be on or around Tuesday, October 26, 2021, and, in any event, not later than Thursday, October 28, 2021, or such other date as agreed between parties. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for itself and on behalf of the Underwriters) and our Company by Thursday, October 28, 2021, or such other date as agreed between parties, the Global Offering will not proceed and will lapse.

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

(7) H Share certificates are expected to be issued on Monday, November 1, 2021 but will only become valid at around 8:00 a.m. on Tuesday, November 2, 2021 provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed "Underwriting—Underwriting Arrangements and Expenses—The Hong Kong Public Offering—Grounds for Termination" in this prospectus has not been exercised. Investors who trade H Shares before the receipt of H share certificates or before they become valid do so entirely of their own risk.

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

(9) Applicants who have applied for Hong Kong Offer Shares through **CCASS EIPO** service should refer to the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares—H. Despatch/Collection of H Share certificates and Refund Monies—Personal Collection—(iii) If you apply via electronic application instructions to HKSCC" in this prospectus for details.

Applicants who have applied through the **White Form eIPO** service for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering can collect their H Share certificates (if any) in person from our H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong between 9:00 a.m. to 1:00 p.m. on Monday, November 1, 2021. For applicants who apply through the **White Form eIPO** service and paid the application monies from a single bank account, e-Refund payment instructions (if any) will be despatched to their application payment bank account on Monday, November 1, 2021. For applicants who apply through the **White Form eIPO** service and used multi-bank accounts to pay the application monies, refund cheque (if any) will be despatched to the address specified in their electronic application instruction to the **White Form eIPO** Service Provider on or before Monday, November 1, 2021 at their own risk.

H Share certificates and/or refund cheques for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected H Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares and Reserved Shares—G. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares and Reserved Shares—H. Despatch/Collection of H Share Certificates and Refund Monies" in this prospectus.

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

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

If a Qualifying MicroPort Shareholder has elected to receive corporate communications from MicroPort in printed form under MicroPort's corporate communications policy or has not been asked to elect the means of receiving MicroPort's corporate communications, a printed copy of this

prospectus in the elected language version(s) will be despatched to such Qualifying MicroPort Shareholder.

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

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

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IMPORTANT NOTICE TO INVESTORS

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

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

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SUMMARY

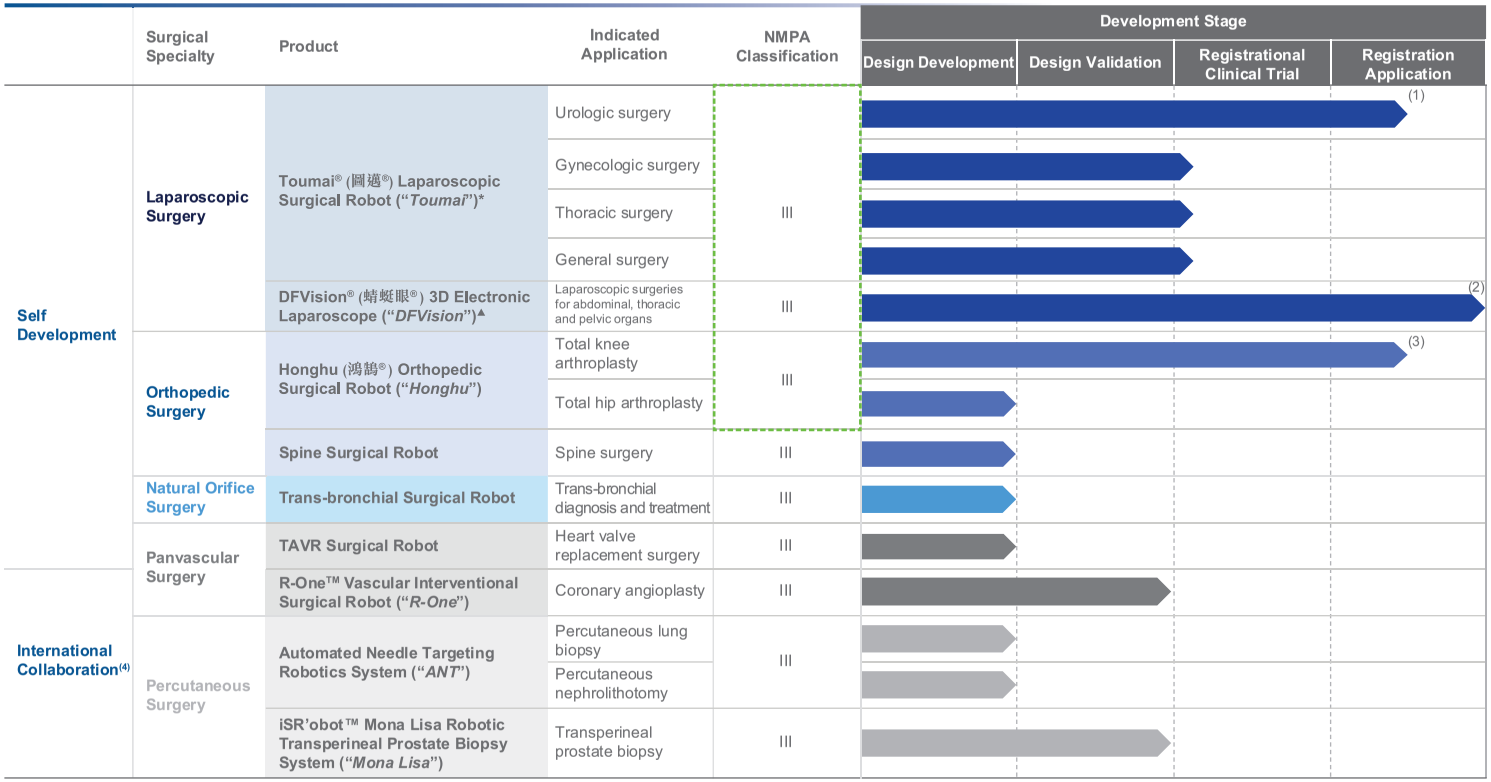
This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decided to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. In particular, we are a biotechnology company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with investing in companies such as ours. Your investment decision should be made in light of these considerations.

OVERVIEW

Founded in 2015, we are a top-tier surgical robot company dedicated to designing, developing and commercializing surgical robots to assist surgeons in performing complex surgical procedures. We are currently developing one Core Product, Toumai® (圖邁®) Laparoscopic Surgical Robot, or *Toumai*, for application in urologic surgery and will seek to expand its application to gynecologic, thoracic and general surgeries. As of the Latest Practicable Date, we owned two material patents, namely robotic arm and transmission mechanism and surgical instruments, relating to *Toumai*. Our three flagship products, *Toumai*, DFVision® (蜻蜓眼®) 3D Electronic Laparoscope and Honghu (鴻鵠®) Orthopedic Surgical Robot, have all been admitted to the NMPA's innovative medical device special review and approval procedure (known as the "Green Path"). *Toumai* and *Honghu* are at the registration approval stage, and *DFVision* has recently received NMPA approval. Other than the flagship products, we also have six product candidates at various stages of development. We are the only company in the industry worldwide with a product portfolio covering the five major and fast-growing surgical specialties of laparoscopic, orthopedic, panvascular, natural orifice and percutaneous surgical procedures, according to Frost & Sullivan.

WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP OR MARKET *TOUMAI*, *HONGHU* AND *DFVISION* AS PLANNED, AND, EVEN IF THEY ARE COMMERCIALIZED, IT IS UNCERTAIN THAT THEY WILL ACHIEVE MARKET SUCCESS.

The following chart summarizes our product portfolio as of the Latest Practicable Date:



	Surgical Specialty	Product	Indicated Application	NMPA Classification
Self Development	Laparoscopic Surgery	Toumai® (圖邁®) Laparoscopic Surgical Robot ("*Toumai*")*	Urologic surgery	III
			Gynecologic surgery	
			Thoracic surgery	
			General surgery	
		DFVision® (蜻蜓眼®) 3D Electronic Laparoscope ("*DFVision*")▲	Laparoscopic surgeries for abdominal, thoracic and pelvic organs	III
	Orthopedic Surgery	Honghu (鴻鵠®) Orthopedic Surgical Robot ("*Honghu*")	Total knee arthroplasty	III
			Total hip arthroplasty	
		Spine Surgical Robot	Spine surgery	III
	Natural Orifice Surgery	Trans-bronchial Surgical Robot	Trans-bronchial diagnosis and treatment	III
	Panvascular Surgery	TAVR Surgical Robot	Heart valve replacement surgery	III
		R-One™ Vascular Interventional Surgical Robot ("*R-One*")	Coronary angioplasty	III
International Collaboration[4]	Percutaneous Surgery	Automated Needle Targeting Robotics System ("*ANT*")	Percutaneous lung biopsy	III
			Percutaneous nephrolithotomy	
		iSR'obot™ Mona Lisa Robotic Transperineal Prostate Biopsy System ("*Mona Lisa*")	Transperineal prostate biopsy	III

* Our Core Product ▲ Product approved by the NMPA Products admitted to the Green Path

Notes:

(1) *Toumai*'s registrational clinical trial was completed in May 2021. This made *Toumai* the first and only Chinese-developed surgical robot that had completed a registrational clinical trial for complex laparoscopic surgeries as of the Latest Practicable Date, according to Frost & Sullivan. We submitted an NMPA registration application in May 2021, which was accepted by the NMPA in June 2021. As of the Latest Practicable Date, there had been no objection or material concern from the NMPA in relation to the registration application of *Toumai*.

(2) *DFVision* was the first Chinese-developed 3D electronic laparoscope admitted to the Green Path, according to Frost & Sullivan. It was approved by the NMPA in June 2021.

(3) *Honghu* was the only Chinese-developed joint replacement surgical robot with a self-developed robotic arm as of the Latest Practicable Date, according to Frost & Sullivan. We completed *Honghu*'s registrational clinical trial and submitted an NMPA registration application in July 2021.

(4) We established joint ventures with certain international partners primarily to jointly develop, manufacture and commercialize their surgical robots and certain disposables in Greater China. See "Business—Collaboration with Third Parties."

OUR PRODUCT PORTFOLIO

Toumai® Laparoscopic Surgical Robot ("Toumai")—Our Core Product

Toumai (meaning "hope of life" in an African tribal language) is a laparoscopic surgical robot designed by us to enable complex surgeries using a minimally invasive approach. *Toumai* is designed for a wide range of surgical procedures and features high robotic dexterity, operative precision and safety.

Toumai primarily consists of an ergonomic surgeon's console, a patient-side cart with four interactive robotic arms and a 3DHD vision system. Seated comfortably at the console, a surgeon views an immersive 3DHD image of the surgical field and manipulates the surgical instruments inside the patient's body by controlling the robotic arms. The 3DHD vision system provides real-time visualization of the target anatomy with natural depth-of-field, which facilitates accurate tissue identification and tissue layer differentiation.

Through the robotic arms with high degrees of freedom, *Toumai* provides surgeons with a range of motions analogous to those of human wrists, while filtering out the tremors inherent in human hands. Such dexterity allows greater precision in the operation, enhances safety of surgery and reduces surgeon fatigue. In particular, in addition to three robotic arms which hold the laparoscope and the surgical instruments as left and right hands, *Toumai*'s fourth arm allows it to hold additional surgical instruments necessary for certain most complex surgeries, which makes it far superior to three-arm laparoscopic surgical robots.

Toumai is classified as a Class III medical device under NMPA regulations and was recognized as an innovative medical device by the NMPA, or entered the "Green Path," in October 2019. We are developing *Toumai* for application in urologic surgery. In November 2019, *Toumai* was used to successfully complete a robot-assisted laparoscopic radical prostatectomy (removal of the entire prostate) (RALRP) in Dongfang Hospital in Shanghai. This clinical success demonstrated for the first time that a Chinese-developed laparoscopic surgical robot is capable of handling a laparoscopic surgery as complex as RALRP, the prevalent "gold standard" for prostate cancer care in the developed world. *Toumai* has broken a number of other clinical records. In December 2020, it was used to successfully complete a robot-assisted partial nephrectomy (removal of kidney) (RAPN), a RAPN adopting a retroperitoneal approach (RPRPN), a RALRP adopting an extraperitoneal approach and a single-port RAPN, in each case the first of its kind completed with a Chinese-developed surgical robot.

We completed *Toumai*'s registrational clinical trial for application in urologic surgery in May 2021. This made *Toumai* the first and only Chinese-developed four-arm laparoscopic surgical robot that had completed a registrational clinical trial as of the Latest Practicable Date, according to Frost & Sullivan. The four robotic arms enabled *Toumai* to complete the registrational clinical trial comprised entirely of complex surgeries such as prostatectomies and nephrectomies. No Chinese-developed surgical robot had completed such a trial before, according to Frost & Sullivan. In this prospective, multicenter, randomized and parallel-controlled trial, *Toumai* demonstrated non-inferiority in the primary efficacy endpoint of surgery success rate to the da Vinci Si Surgical System (*da Vinci Si*), with a good safety profile. The da Vinci Surgical Systems, developed by Intuitive Surgical Inc. ("Intuitive Surgical"), are the most widely used surgical robots in the world. In China, *da Vinci Si* and a newer model, the da Vinci Xi Surgical System (*da Vinci Xi*), were the only laparoscopic surgical robots approved by the NMPA as of the Latest Practicable Date. *Da Vinci Si* is the predominant model installed and remains in widespread use in China today. *Da Vinci Xi* features upgrades in various functionalities from *da Vinci Si* (such as improved vision and dexterity) but they are not radically different products, according to Frost & Sullivan.

The registrational clinical trial evaluated *Toumai*'s efficacy and safety in urologic surgery through comparison with *da Vinci Si*. The efficacy results demonstrated *Toumai*'s non-inferiority to

da Vinci Si in terms of surgery success rate, the primary efficacy endpoint, and no statistically significant difference in substantially all secondary efficacy endpoints. The safety results demonstrated *Toumai*'s good safety profile. There was no occurrence of medical device-related adverse event, or AE, in either the study group or the control group. All occurrences of AE were related to surgical operation or surgical treatment. See "Business—Our Product Portfolio—Laparoscopic Surgical Robots—Toumai® Laparoscopic Surgical Robot ("*Toumai*")—Summary of Clinical Trial—Registrational Clinical Trial" for details.

We submitted a registration application for *Toumai*'s application to urology surgery to the NMPA in May 2021, which was accepted by the NMPA in June 2021. We expect to obtain registration approval in the first quarter of 2022. We plan to expand *Toumai*'s application to gynecologic, thoracic and general surgeries. We began patient enrollment for the registrational clinical trial in October 2021 for *Toumai*'s use in these surgical areas. We will seek a separate NMPA approval of such expansion. As of the Latest Practicable Date, there had been no objection or material concern from the NMPA in relation to the registration application of *Toumai*.

DFVision® 3D Electronic Laparoscope ("DFVision")

DFVision (short for "dragonfly vision") is a 3D electronic laparoscope designed to examine abdominal, thoracic and pelvic organs, among others. It is inserted through a small incision in the abdominal wall, and gathers images as it probes along.

DFVision's dual objective lenses allow it to provide surgeons with 3D visualization with natural depth of field. Leveraging *DFVision*'s strong image gathering, processing and transmission technology, a surgeon views high-resolution, real-time images of the organs with natural depth of field. These features significantly flatten surgeons' learning curve and allow them to operate the laparoscope with ease, which further enhances safety of the surgery. In October 2019, the first cholecystectomy (removal of gallbladder) using *DFVision* was successfully completed in Sir Run Run Shaw Hospital of Zhejiang University Medical School, which marked the first surgery completed with a Chinese-developed 3D electronic laparoscope.

DFVision is classified as a Class III medical device under NMPA regulations and entered the Green Path in April 2019. *DFVision* was the first Chinese-developed 3D electronic laparoscope admitted to the Green Path, according to Frost & Sullivan. We submitted a registration application to the NMPA in August 2020 and received approval in June 2021.

Honghu Orthopedic Surgical Robot ("Honghu")

Honghu is an orthopedic surgical robot designed for joint replacement surgery. Currently, our research and development primarily focuses on the application of *Honghu* in total knee arthroplasty, or TKA, a surgery to remove damaged cartilage and bones from the surface of knee joint and replace them with artificial implants. We are also conducting design development on the application of *Honghu* in total hip arthroplasty, or THA. *Honghu* was the only Chinese-developed joint replacement surgical robot with a self-developed robotic arm as of the Latest Practicable Date, according to Frost & Sullivan.

Honghu's preoperative planning software builds a 3D virtual bone model based on CT scans, and the surgeon further prepares a 3D image-based preoperative plan which defines the optimal size, fit, position and alignment of implants (which are made of metal and polymer materials) according to the patient's anatomy. In a conventional TKA, the surgeon performs bone cutting and implant placement manually. As a result, lower limb alignment and soft tissue balance cannot be accurately quantified and rely heavily on the surgeon's expertise. Inevitable inaccuracy causes patient discomfort and limits the longevity of the implants. In contrast, with the aid of the optical navigation system,

Honghu's robotic arm guides precise bone cutting and implant placement in accordance with the preoperative plan. The navigation technology minimizes the difference between the preoperative plan and postoperative outcome, reduces surgical complications and facilitates patient recovery.

Honghu is classified as a Class III medical device under NMPA regulations and entered the Green Path in May 2020. We completed the first surgery for *Honghu* in Ninth People's Hospital of Shanghai Jiaotong University School of Medicine on June 30, 2020.

We completed a registrational clinical trial in China to evaluate the efficacy and safety of *Honghu* for TKA in July 2021 and submitted a registration application to the NMPA in the same month. We are also currently conducting design development for *Honghu*'s potential application in THA and plan to perform design validation in early 2022 and commence a clinical trial for THA in China by the end of 2022.

In addition to *Toumai*, *DFVision* and *Honghu*, we are also developing a spine surgical robot, a trans-bronchial surgical robot and a TAVR surgical robot. Our portfolio also includes a panvascular surgical robot, *R-One*, and two percutaneous surgical robots, *ANT* and *Mona Lisa*, which we jointly develop through collaboration with our international partners. For details, see "Business—Our Product Portfolio."

PROPOSED POST-COMMERCIALIZATION BUSINESS MODEL

We are a pre-revenue innovative medical device company. When our products enter the commercialization stage, we expect that we will gradually settle into a post-commercialization business model.

Our surgical robots will be used by surgeons on patients, but our target end-customers are hospitals. We expect to derive revenue from three sources: systems (*i.e.*, the robots themselves), disposables (*e.g.*, forceps, scissors and sterile drapes) and services (*e.g.*, maintenance and other after-sale services). We will sell surgical robot systems to hospitals at a one-off price, and we will sell disposables and provide services to such hospitals on an ongoing and on-demand basis. For disposables, as they must be replenished after a number of RAS are performed, we will sell disposables to hospitals on an ongoing basis. For maintenance services, we mainly sell such services to hospitals on an annual basis. The hospitals, on their end, will charge patients who receive RAS. We will have no involvement in the hospitals' pricing decisions and will not derive revenue directly from the patients. Patients will pay out of pocket or, where available, be covered by medical insurance. As of the Latest Practicable Date, at the national level, robot-assisted surgeries had not been included in the surgeries eligible for medical insurance reimbursement. At the local level, as of the Latest Practicable Date, only certain robot-assisted laparoscopic surgeries (namely, partial nephrectomy, radical prostatectomy, total hysterectomy and radical resection for colorectal cancer) had been covered by medical insurance reimbursement in Shanghai, for which 80% of the medical expenses can be reimbursed. According to Frost & Sullivan, the surgery expenses for these robot-assisted laparoscopic surgeries typically range between RMB30,000 and RMB40,000, and if 80% of such expenses are reimbursed, the out-of-pocket expenses for a patient typically range between RMB6,000 to RMB8,000. The hospitals' pricing decision vis-à-vis patients is mainly affected by factors such as patients' affordability and government pricing guidance, rather than the pricing power of surgical robot companies. Although we do not directly derive revenue from patients, patients' increasing acceptance of and demand for RAS will enhance hospitals' willingness to purchase surgical robots. In general, our pricing power is subject to market demand from hospitals and competitive dynamics among major players.

We expect that hospital administrators with varying degrees of participation of surgeons will make procurement decisions for our hospital customers. We believe that we will achieve market acceptance based on our high-quality products, brand name of MicroPort Group, favorable local

policies and our comprehensive services. For example, for *Toumai*, from the product perspective, it will be capable of performing the urologic surgeries that are currently performed by the da Vinci surgical systems. As demonstrated in its registrational clinical trial, *Toumai* is not inferior to *da Vinci Si* in terms of the primary efficacy endpoint, and has no statistically significant difference in substantially all secondary efficacy endpoints. It also has a good safety profile.

To support our marketing plan, we expect to provide training to surgeons by setting up multiple training centers in first-tier cities in China, such as Beijing and Shanghai. The training we plan to provide will be tailored for surgeons based on whether they have prior experience operating laparoscopic surgical robots, aiming to help them gain proficiency in using *Toumai* quickly. The training sessions will include modules such as introductions to the product structure and operation procedures and performing trial surgeries. We believe such training will facilitate the overall acceptance of *Toumai* as surgeons who become fluent with *Toumai* will gain confidence in the product and recommend it to their hospital administrators, their peers in other hospitals and their patients as appropriate, enhancing our reputation in these constituencies. We anticipate that we will incur costs of over HK$300.0 million in the next several years for providing such training, which primarily include costs for setting up training centers and expenses for the training materials, such as disposables and animals for trial surgeries. We will also build a dedicated team to provide comprehensive, fast-response technical support and after-sale services to hospitals and surgeons.

COMPETITIVE LANDSCAPE

With greater precision, consistency and control, surgical robots help surgeons overcome human limitations and eliminate impediments in conventional surgical and interventional tools and techniques, reducing burdens on surgeons and delivering better clinical outcomes for patients. Compared with conventional minimally invasive surgery, or MIS, or traditional open surgery, robot-assisted MIS can achieve higher success rates, smaller wounds, less bleeding and faster recovery. Robot-assisted surgery, or RAS, is increasingly integrated into clinical practice as a complement to, and in more and more cases substitution for, conventional surgery.

To date, surgical robots have very low market penetration in China in the two major application areas of laparoscopic and orthopedic surgeries (especially, in the latter case, the majority field of joint replacements). According to Frost & Sullivan, only 189 laparoscopic and 17 joint replacement surgical robots were installed in China as of December 31, 2020, and approximately 0.5% and less than 0.1% of laparoscopic and joint replacement surgeries, respectively, were robot-assisted in China in 2020. In contrast, 3,727 laparoscopic and 1,060 joint replacement surgical robots were installed in the United States as of the same date, with a penetration rate in terms of surgeries performed of 13.3% and 7.6%, respectively, in the same year, according to Frost & Sullivan. Even though the PRC surgical robot industry had a late start, it is expected to grow rapidly. According to Frost & Sullivan, the numbers of laparoscopic and joint replacement surgical robots installed in China by the end of 2026 are expected to be more than 10 and almost 50 times, respectively, the level as of the end of 2020. As the installation base grows and the number of RAS continues to rise, revenue source for surgical robot developers will also diversify. As a result of these factors, the PRC surgical robot market is expected to expand from US$0.4 billion in 2020 to US$3.8 billion in 2026, representing a CAGR of 44.3%, while the global market is expected to expand from US$8.3 billion in 2020 to US$33.6 billion in 2026, representing a CAGR of 26.2%.

Since our founding, we have focused on five foundation technologies that must interact well together to make the hardware and software of a surgical robot work: robot ontology, control algorithms, electrical engineering, image-based navigation and precision imaging. We believe that this focus is fundamental to our product development capability. As a dedicated surgical robot specialist, we also possess industrial operation capabilities covering the full cycle of surgical robot development from research and development, clinical trial and registration to supply chain management and

marketing. Through in-house development and international collaboration, we have built a portfolio with one approved product and eight product candidates at various stages of development, including two candidates in the NMPA registration application stage and six candidates in preclinical studies. In addition to Robocath, NDR and Biobot, surgical robot developers in France and Singapore, we will further explore collaboration opportunities with leading surgical robot developers in the world, especially those with product candidates that may address unmet needs of Chinese patients and surgeons.

Laparoscopic Surgical Robots

Number of Surgeries, Penetration Rate and Market Size in China

Although robot-assisted laparoscopic surgeries were introduced in China later than the United States, their penetration has been growing in China, primarily as a result of the growing preference for its minimal invasiveness and precision in treating diseases such as early-stage prostate cancer. According to Frost & Sullivan, the number of robot-assisted laparoscopic surgeries performed in China annually expanded 3.1 times from 11,445 in 2015 to 47,379 in 2020, and is expected to further expanded 13.4 times to 681,098 in 2026 from 2020, representing a penetration rate of 0.5% and 3.0% in 2020 and 2026, respectively.

The laparoscopic surgical robot market in China had a size of US$318.4 million in 2020, which was much smaller than that of the United States. It is considered a key regional market with the greatest growth potential. It is expected that the China market will experience rapid growth at a CAGR of 39.2%, reaching US$2,315.3 million in 2026. Pursuant to the National Health Commission released the Notice for Adjusting the Allocation of Large-Scale Medical Devices Between 2018 and 2020 (《國家衛生健康委關於調整 2018-2020 年大型醫用設備配置規劃的通知》), a total of 225 laparoscopic surgical robots were planned to be sold to medical institutions in the PRC between 2018 and 2020. As of the Latest Practicable Date, there had not been an allocation plan promulgated for 2021.

Competitive Landscape

The da Vinci Si and da Vinci Xi Surgical Systems were the only laparoscopic surgical robots approved by the NMPA as of the Latest Practicable Date, according to Frost & Sullivan. As of the Latest Practicable Date, other than *Toumai*, there were only two clinical-stage laparoscopic surgical robots under development in China. Both da Vinci Si/Xi Surgical Systems and *Toumai* are four-arm surgical robots. *Toumai* was the first Chinese-developed four-arm laparoscopic surgical robot that had completed a registrational clinical trial as of the Latest Practicable Date, according to Frost & Sullivan. The following table sets forth the competitive landscape of laparoscopic surgical robots in China:

Developer	Product	Development Stage	NMPA Green Path	Known Clinical Application in RALRP*
Our Company	*Toumai* (圖邁®)	NMPA registration application submitted	Yes	Yes
Intuitive Surgical	da Vinci Xi System	NMPA approved (2018)	--	Yes
	da Vinci Si System	NMPA approved (2011)	--	Yes
WEGO (威高)	Microhand-S System	Clinical trial patient enrollment completed	Yes	No
Kangduo (康多)	Kangduo System	Clinical trial stage	Yes	No

Source: Frost & Sullivan analysis

* RALRP is the prevalent "gold standard" for prostate cancer care in the developed world. The ability to perform RALRP is an indication of a surgical robot's capabilities. In China, RALRP is a major type of robot-assisted urologic surgery, which is the most applied surgical specialty for the da Vinci surgical systems, the only laparoscopic surgical robots approved by the NMPA to date, according to Frost & Sullivan.

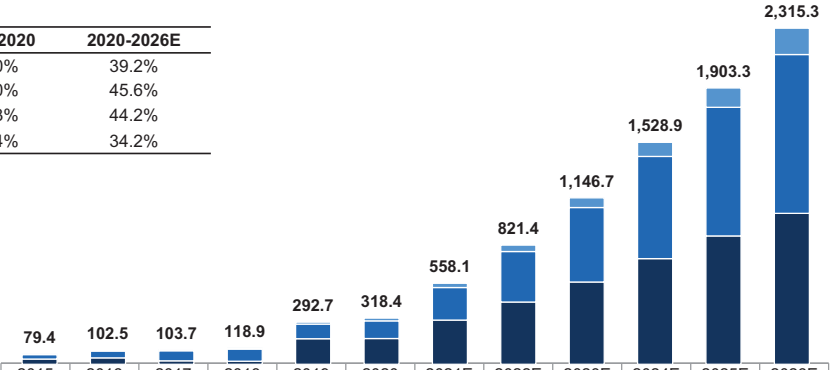
Even though *da Vinci* Si has been approved in China since 2011, it does not necessarily translate into an entrenched competitive advantage, because laparoscopic surgical robots as a product category has developed slowly in China in its first decade. Laparoscopic surgical robots are only installed in fewer than 10% of all Grade IIIA hospitals in China, and the penetration rate of RAS in terms of laparoscopic surgeries performed has remained low, only touching 0.5% in 2020, according to Frost & Sullivan. We believe that the key drivers for more adoption of surgical robots in China will include increased demand for RAS, increased penetration to lower-level hospitals, and favorable government policy and support. See "Industry Overview—Growth Drivers and Future Development Trends of China's Surgical Robot Industry." The clinical benefits of surgical robots are pronounced, particularly in minimal invasiveness. A patient will typically only have four to five, 8-10 mm surgical wounds after a *Toumai*-assisted surgery. Designed with four robotic arms with high degrees of freedom, *Toumai* is also capable of performing highly complex surgeries, such as robot-assisted laparoscopic radical prostatectomy (RALRP). Compared with non-robot-assisted laparoscopic surgeries, RALRP reduces the incidence of post-surgical complications, such as adhesions and wound ruptures, causes less pain and scarring. These benefits generally lead to shorter hospital stay-in time and at-home recovery time, allowing RALRP to be cost efficient in general despite the higher surgery expense. See "Business—Our Product Portfolio—Laparoscopic Surgical Robots—Toumai® Laparoscopic Surgical Robot ("*Toumai*")—Features" for other benefits of *Toumai* that may facilitate its adoption after being commercialized. See also "—Proposed Post-Commercialization Business Model" above for our competitive advantages over da Vinci Surgical Systems in achieving market acceptance.

We plan to effectively market *Toumai* to not only the Grade IIIA hospitals in China where da Vinci surgical systems are currently installed or to be installed, but also Grade IIIB and Grade IIIC hospitals, particularly those in tier-two and tier-three cities. We expect that, once *Toumai* is marketed, a majority of its revenue will be derived from Grade III hospitals in the near term. According to Frost & Sullivan, Grade III hospitals have strong purchasing power because they receive the highest level of financial support from local governments and serve large numbers of patients each year as regional centers for medical resources. Grade III hospitals are also expected to have a strong willingness to purchase *Toumai*, as patients' demand for *Toumai*-assisted surgeries may grow given such surgeries' minimal invasiveness and ability to achieve faster recovery. Additionally, as *Toumai* allows shorter hospital stay-in time, it may help hospitals relieve the shortage for available beds and other relevant medical resources. The following table sets forth the historical and forecast market size of laparoscopic surgical robots in China, and the market size is primarily contributed by Grade III hospitals:

Historical and Forecast Market Size of Laparoscopic Surgical Robots in China, 2015-2026E

CAGR	2015-2020	2020-2026E
Overall	32.0%	39.2%
Services	30.0%	45.6%
Disposables	29.3%	44.2%
Systems	34.4%	34.2%

Unit: US$ million
By ex-factory price



	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Overall market size	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Market size of services	6.5%	6.5%	7.2%	7.0%	4.8%	6.0%	5.2%	5.5%	5.8%	6.3%	7.0%	7.8%
Market size of disposables	42.4%	48.3%	68.6%	74.2%	34.4%	38.2%	40.1%	42.3%	44.7%	46.1%	46.5%	47.2%
Market size of systems	51.1%	45.2%	24.2%	18.8%	60.8%	55.8%	54.6%	52.2%	49.5%	47.6%	46.5%	44.9%

Source: Frost & Sullivan analysis

Joint Replacement Surgical Robots

Number of Surgeries, Penetration Rate and Market Size in China

China's first robot-assisted joint replacement surgery was performed in 2016. Since then, robot-assisted joint replacement surgery has gained increasing attention given its higher accuracy and consistency of implant positioning, resulting in less postoperative pain and faster functional recovery. According to Frost & Sullivan, the number of robot-assisted joint replacement surgeries performed in China annually increased from nil in 2015 to 243 in 2020 and is expected to further increase to 79,964 in 2026 at a CAGR of 162.8% from 2020. The penetration rate of robot-assisted joint replacement surgeries in China was less than 0.1% in 2020, and is estimated to reach 3.1% in 2026.

The market size for joint replacement surgical robots in China was US$14.8 million in 2020, which was relatively small due to their more recent introduction in China. However, robot-assisted joint replacement surgery has soon gained increasing popularity and acceptance and has strong growth potential considering the large number of eligible patients and the low penetration rate. According to Frost & Sullivan, the market size for joint replacement surgical robots in China is expected to reach US$332.3 million in 2026. According to a regulation promulgated in September 2021, in Beijing, robot-assisted orthopedic surgeries will be eligible for 100% medical insurance reimbursement and disposables for robot-assisted orthopedic surgeries will be eligible for partial medical insurance reimbursement since October 2021.

Competitive Landscape

Despite the growing demand for robot-assisted joint replacement surgery in China, RIO Surgical Robot, developed by MAKO Surgical Corporation (later acquired by Stryker Corporation), was the only joint replacement surgical robots approved by the NMPA as of the Latest Practicable Date. *Honghu* was the only Chinese-developed joint replacement surgical robot with a self-developed robotic arm as of the Latest Practicable Date, according to Frost & Sullivan. The following table sets forth the competitive landscape of joint replacement surgical robots in China:

Developer	Product	Development Stage	NMPA Green Path	Surgical Application
Our Company	*Honghu* (鸿鹄®)	NMPA registration application submitted	Yes	TKA
MAKO (acquired by Stryker)	RIO Surgical Robot	NMPA approved (2014)	-	TKA* and THA
Jointech (键嘉)	ARTHROBOT Surgical Robot	Clinical trial patient enrollment completed	Yes	THA
Yuanhua Tech (元化智能科技)	Gusheng Yuanhua Surgical Robot	Clinical trial patient enrollment completed	-	TKA
HURWA (和華瑞博)	HURWA Surgical Robot	Clinical trial stage	-	TKA

Source: Frost & Sullivan analysis

* MAKO was first approved by the NMPA in 2014 and was recently approved for TKA as an expanded surgical application.

OUR STRENGTHS

We believe our strengths are:

- top-tier surgical robot company with a comprehensive portfolio covering five major and fast-growing surgical specialties;
- domestic pioneer in a large, fast-growing and under-penetrated PRC surgical robot market;
- advanced product development capability based on foundation technologies;
- solid industrial operation capabilities;
- extensive international collaborations; and
- seasoned management team and synergy with Controlling Shareholder MicroPort.

OUR STRATEGIES

We plan to pursue the following strategies:

- advance products to commercialization and promote surgical robot penetration in China;
- continue to expand product portfolio to build a multi-specialty surgical platform;
- explore next-generation technologies to expand the applications of surgical robots; and
- continue to implement our global strategy.

OUR PLATFORM

Over the course of six years since our inception, we have established an innovative surgical robot platform, enabling us to conduct day-to-day research and development of pipeline products, operate clinical trials and build our manufacturing and supply chain management capabilities.

Research & Development

R&D is crucial to our business growth and the success of our operations. For each pipeline product, we typically form a project team to take responsibility in monitoring the whole development progress and leading the daily R&D work. Our R&D activities generally start with a detailed product design. Upon confirmation of the product design, we conduct preclinical studies to evaluate the functions, safety and efficacy of the pipeline products. Our R&D activities have laid a solid foundation for future manufacturing and commercialization of our pipeline products.

We currently have an R&D center in Shanghai where we conduct research work and onward design and development of pipeline products. To support our global strategy, we have established an additional R&D center in Singapore, which commenced operations in September 2021, for the research of foundation technologies in preparation of the future upgrade and iteration of our surgical robots.

As of the Latest Practicable Date, we had over 290 members focusing on research and development, approximately 60% of whom possess a master's or higher degree in relevant fields. Our core R&D personnel have been in charge of our R&D activities since our inception and have been leading the design, research and development of our pipeline products. As of the Latest Practicable Date, the core R&D personnel of our pipeline products, including *Toumai*, had remained in the Company. In addition, we occasionally invite industry experts from external institutions to provide advisory insights and guidance for our R&D teams.

We believe there are five foundation technologies that must interact well together to make the hardware and software of a surgical robot work, namely robot ontology, control algorithms, electrical engineering, image-based navigation and precision imaging. Our full coverage of and deep penetration into these technical areas have enabled us to establish advanced and sustainable product capabilities on our innovative surgical robot platform.

During the Track Record Period, we actively participated in national, provincial and municipal R&D projects and took independent responsibility in these projects. We also collaborated with top-tier domestic and international hospitals, universities and research institutions in research projects covering, for example, multi-modal medical image registration and fusion technology. As of the Latest Practicable Date, we had led or participated in 14 national and provincial research projects.

In 2019, 2020 and the six months ended June 30, 2021, our research and development costs were RMB61.9 million, RMB135.4 million and RMB160.1 million, respectively. We expect that our research and development costs will increase in line with the increased level of research and development activities of our pipeline products in the future.

Clinical Trials

We have a dedicated clinical trial team responsible for the day-to-day operation and management of the clinical trials of our pipeline products. Our clinical trial personnel are responsible for the clinical trial design, preparation of the necessary documents, selection of qualified clinical trial sites and monitoring of clinical trials to ensure that clinical trials comply with our protocols and the GCP standard.

In line with industry practice, during the Track Record Period, we engaged certain industry leading CROs to provide certain clinical trial services, including preparing application reports to the ethical committee at each hospital, assisting in drafting the study protocol, designing, managing and monitoring the implementation of clinical trials, collecting and keeping patient records and providing progress summary reports. In addition, during the Track Record Period, we engaged certain industry-leading SMOs, who were primarily responsible for assisting researchers to complete certain supporting duties in relation to the ongoing clinical trials, including collecting source data and scheduling patient follow-up evaluations, among other things. For details, see "Business—Our Platform—Clinical Trials."

Manufacturing and Supply Chain

As we have not yet reached the commercialization stage, we only manufacture sample robots for clinical trial purposes. We typically purchase parts and units from our selected qualified suppliers, and our manufacturing and supply chain team completes the assembly, verification and testing work in our own facilities. We currently own two manufacturing facilities in China and are planning to establish one more manufacturing facility and an assembly facility in Shanghai. For details, see "Business—Our Platform—Manufacturing and Supply Chain."

Raw Materials and Suppliers

Our key raw materials for the manufacturing of surgical robots include encoders, drivers, industrial control machines and optical position measuring machines. To ensure the quality of our raw materials, we only procure them from selected suppliers that can satisfy our stringent raw material requirements. We have built up two warehouses to store raw materials in accordance with different requirements of storage condition, distinguishing different usages and batches of the raw materials. We have dedicated warehouse personnel responsible for the storage and distribution.

We have set up a procurement department. Our procurement department has established stringent rules for selection of supplier candidates and maintenance and management of suppliers. We normally enter into a quality assurance agreement with our suppliers together with the purchase agreement, which sets out our quality standards and inspection procedures.

In 2019, 2020 and the six months ended June 30, 2021, purchases from our five largest suppliers amounted to RMB17.8 million, RMB23.6 million and RMB50.5 million, respectively, accounting for 49.3%, 23.9% and 24.6%, respectively, of our total purchases for the same periods. In the same periods, purchases from our single largest supplier amounted to RMB11.0 million, RMB9.8 million and RMB18.9 million, respectively, accounting for 30.4%, 9.9% and 9.2%, respectively, of our total purchases for the same periods. During the Track Record Period, we typically purchased raw materials, mechanical components, automated control instruments and equipment and procured services such as animal studies and IP agent services. We generally have maintained a business relationship with such suppliers for two years or longer. Except for MicroPort Group, all of our five largest suppliers during the Track Record Period were Independent Third Parties. Save as disclosed above, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) has any interest in any of our five largest suppliers that are required to be disclosed under the Listing Rules.

SALES AND MARKETING

We are in the process of formulating our sales and marketing plan in anticipation of commercial launch of our products. We aim to establish a well-trained and fully committed team to deliver integrated services, covering sales and marketing, client services and clinical training. We plan to promote the adoption of our surgical robots by surgeons and hospitals through targeted surgeon education and training. To achieve this goal, we plan to build a global service network comprising

surgical robot trainers, clinical support personnel and after-sale service engineers through which we receive feedback from surgeons, provide service, product information and support to surgeons and derive service revenue. For details, see "Business—Sales and Marketing."

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we held 118 patents in China, including 71 invention patents, 9 utility models and 38 appearance designs. As of the same date, we also had over 280 patent applications pending in China and overseas. As of the same date, we held 23 patents overseas as part of our global strategy. All of the patents that we owned or applied for are related to self-developed technologies by our R&D teams. In addition, as of the Latest Practicable Date, we also held 93 trademarks in China and overseas. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material proceedings in respect of, and we had not received notice of any material claims of infringement of, any intellectual property rights that are threatened or pending, in which we may be a claimant or a respondent. For details, see "Business—Intellectual Property."

COMPLIANCE AND LEGAL PROCEEDINGS

As of the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceedings against us or our Directors which may have a material and adverse impact on our business, financial condition or results of operations.

CONTROLLING SHAREHOLDERS AND CONTINUING CONNECTED TRANSACTIONS

Immediately following the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), Shanghai Latent and Shanghai Qingzhen, by virtue of an acting-in-concert agreement entered into between them, will control in aggregate approximately 52.53% of our Company's total share capital. As of the Latest Practicable Date, Shanghai Latent was wholly owned by MicroPort Investment, which in turn is wholly owned by MicroPort. MicroPort is a company listed on the Stock Exchange (stock code: 853). Accordingly, Shanghai Latent, Shanghai Qingzhen, MicroPort Investment and MicroPort constitute a group of our Controlling Shareholders under the Listing Rules.

There is clear delineation between the businesses of the MicroPort Group and our business. The MicroPort Group focuses on different types of medical devices that are of different nature and have different applications from those of our principal business. Our Group provides surgical robots which are considered large medical equipment for surgeries, as tools used by surgeons in the surgeries. The MicroPort Group mainly provides medical consumables for long-term implantation and intervention. The products of our Group and the MicroPort Group are not interchangeable, nor are they complementary. For details, see "Relationship with Our Controlling Shareholders."

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

THE SPIN-OFF

Our Listing will constitute a spin-off from MicroPort, our Controlling Shareholder. The proposal in relation to the Spin-off was submitted by MicroPort to the Stock Exchange for approval pursuant to Practice Note 15 of the Listing Rules, and the Stock Exchange has confirmed that MicroPort may proceed with the Spin-off. Our Directors believe that the Spin-off and separate listing of our Group will be commercially beneficial to MicroPort, our Company and our Shareholders as a whole. For details, see "History, Reorganization and Corporate Structure—Spin-off of Our Group from MicroPort."

PRE-IPO INVESTMENTS

Since our inception, we have had several rounds of Pre-IPO Investments. Our broad and diverse base of Pre-IPO Investors includes numerous Sophisticated Investors, such as Zhuhai Gao Ling and CPE, that are focused on investment in the biotech and/or healthcare industry. For further details of the identity and background of the Pre-IPO Investors, see "History, Reorganization and Corporate Structure—Pre-IPO Investments—Background Information of the Pre-IPO Investors."

SUMMARY OF KEY FINANCIAL INFORMATION

This summary historical financial information set forth below is derived from, and should be read in conjunction with, our consolidated financial information, together with the accompanying notes, set forth in "Appendix I—Accountants' Report" to this prospectus, as well as the information set forth in "Financial Information" of this prospectus. Our consolidated financial information has been prepared in accordance with HKFRS.

Summary Consolidated Statements of Profit or Loss and Other Comprehensive Income

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

	For the year ended December 31,		For the six months ended June 30,	
	2019	2020	2020	2021
	(RMB in thousands)			
			(Unaudited)	
Research and development costs	(61,881)	(135,378)	(40,543)	(160,072)
Selling and marketing expenses	–	(2,693)	(861)	(14,657)
Administrative expenses	(10,662)	(26,884)	(8,180)	(52,471)
Other net income	3,273	9,777	821	15,758
Fair value changes in financial instruments	–	(3,250)	–	(5,196)
Other operating costs	–	–	–	(14,774)
Loss from operations	**(69,270)**	**(158,428)**	**(48,763)**	**(231,412)**
Finance costs	(531)	(49,187)	(203)	(705)
Share of losses of equity-accounted investees	–	(1,675)	–	(10,443)
Loss before taxation	**(69,801)**	**(209,290)**	**(48,966)**	**(242,560)**
Income tax	–	–	–	–
Loss for the year/period	**(69,801)**	**(209,290)**	**(48,966)**	**(242,560)**
Attributable to:				
Equity shareholders of the Company	(69,801)	(208,874)	(48,966)	(241,965)
Non-controlling interests	–	(416)	–	(595)
Loss for the year/period	**(69,801)**	**(209,290)**	**(48,966)**	**(242,560)**
Other comprehensive income for the year/period, net of nil tax				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of foreign subsidiaries, net of nil tax	–	(5,256)	–	(1,428)
Other comprehensive income for the year/period	**–**	**(5,256)**	**–**	**(1,428)**
Total comprehensive income for the year/period	**(69,801)**	**(214,546)**	**(48,966)**	**(243,988)**
Attributable to:				
Equity shareholders of the Company	(69,801)	(214,130)	(48,966)	(243,393)
Non-controlling interests	–	(416)	–	(595)
Total comprehensive income for the year/period	**(69,801)**	**(214,546)**	**(48,966)**	**(243,988)**

We incurred an operating loss in each period of the Track Record Period. We recorded net losses of RMB69.8 million, RMB209.3 million and RMB242.6 million for the years ended December 31, 2019 and 2020 and for the six months ended June 30, 2021, respectively, primarily due to our research and development costs and administrative expenses.

Summary of Consolidated Statements of Financial Position

	As of December 31,		As of June 30,
	2019	2020	2021
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	14,443	38,710	87,844
Intangible assets	337	565	873
Prepayments	456	1,260	2,454
Goodwill	–	1,482	1,482
Equity-accounted investees	–	85,430	123,970
Derivative financial assets	–	12,676	–
Other financial assets	–	38,366	85,392
Other non-current assets	6,872	10,815	57,476
Total non-current assets	**22,108**	**189,304**	**359,491**
Current assets			
Inventories	–	–	56,260
Derivative financial assets	–	–	9,562
Other receivables	1,334	16,742	37,867
Pledged deposits	285	982	3,397
Cash and cash equivalents	54,708	1,497,326	986,154
Total current assets	**56,327**	**1,515,050**	**1,093,240**
Current liabilities			
Trade and other payables	35,728	221,620	121,175
Lease liabilities	5,571	7,288	14,002
Total current liabilities	**41,299**	**228,908**	**135,177**
Net current assets	**15,028**	**1,286,142**	**958,063**
Total assets less current liabilities	**37,136**	**1,475,446**	**1,317,554**
Non-current liabilities			
Lease liabilities	6,347	11,593	32,838
Deferred income	4,378	22,401	22,401
Total non-current liabilities	**10,725**	**33,994**	**55,239**
Net assets	**26,411**	**1,441,452**	**1,262,315**
Capital and reserves			
Paid-in capital	35,077	–	–
Share capital	–	900,000	916,964
Reserves	(8,666)	542,856	347,350
Total equity attributable to equity shareholders of the Company	**26,411**	**1,442,856**	**1,264,314**
Non-controlling interests	–	(1,404)	(1,999)
Total equity	**26,411**	**1,441,452**	**1,262,315**

The significant increase of net assets from RMB26.4 million as of December 31, 2019 to RMB1,441.5 million as of December 31, 2020 was primarily due to the capital contribution from our Pre-IPO Investments of RMB1.5 billion in 2020. The balance decreased to RMB1,262.3 million as of

June 30, 2021 primarily because (i) we used some cash in research and development activities; and (ii) we recorded share of losses of equity accounted investees and fair value changes arising from other financial assets.

The significant increase of net current assets from RMB15.0 million as of December 31, 2019 to RMB1,286.1 million as of December 31, 2020 was primarily due to the capital contribution from our Pre-IPO Investments of RMB1.5 billion in 2020. Our net current assets then decreased to RMB958.1 million as of June 30, 2021 primarily because (i) we used some cash in research and development activities; and (ii) we made payments for investments in equity-accounted investees and other financial assets in the first half of 2021.

Summary Consolidated Statements of Cash Flows

	For the year ended December 31,		For the six months ended June 30,
	2019	2020	2021
	(RMB in thousands)		
Cash flows used in operating activities before movement in working capital	(64,208)	(134,990)	(183,793)
Changes in working capital	15,512	31,948	(53,187)
Net cash used in operating activities	(48,696)	(103,042)	(236,980)
Net cash generated from/(used in) investing activities	26,723	(15,008)	(264,133)
Net cash generated from/(used in) financing activities	71,284	1,560,668	(10,059)
Net increase/(decrease) in cash and cash equivalents	49,311	1,442,618	(511,172)
Cash and cash equivalent at the beginning of the year/period	5,397	54,708	1,497,326
Cash and cash equivalents at the end of the year/period	54,708	1,497,326	986,154

During the Track Record Period, we incurred negative cash flows from our operations. Substantially all of our operating cash outflows resulted from research and development costs. During the Track Record Period, we primarily funded our working capital requirement through equity financing. We monitor and maintain a level of cash and cash equivalents adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As our business develops and expands, we expect to generate cash from our operating activities, through commercialization of our pipeline products.

In view of our net operating cash outflow during the Track Record Period, we plan to improve our operating cash flow position by (i) advancing our product pipeline towards commercialization to generate revenue from product sales. In particular, we plan to rapidly advance our *Toumai and Honghu* towards commercialization. We also plan to kickstart the commercialization of *DFVision* by promoting its awareness among target hospitals and surgeons to prepare for the formal commercial launch in 2022; and (ii) improving our working capital management efficiency. In particular, we plan to maintain an optimal level of inventories and adopt measures to control costs and operating expenses to improve our cost efficiency.

Our primary uses of cash relate to the research and development of our product candidates and our payment for the purchase of fixed assets and our equity investments. During the Track Record Period, we primarily funded our working capital requirement through equity financing. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. The Directors are of the opinion that, taking into account the financial resources available to our Group, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, selling and marketing expenses and administrative expenses, for at least the next 12 months from the date of this prospectus.

Our cash burn rate refers to our average monthly (i) net cash used in operating activities; (ii) capital expenditures; (iii) lease payments; and (iv) payments for the investments in equity-accounted investees and other financial assets. Assuming that the average cash burn rate going forward of approximately ten times the level in 2020, we estimate that our cash and cash equivalents as of June 30, 2021 will be able to maintain our financial viability for approximately ten months or, if we also take into account the estimated net proceeds (based on the low-end of the indicative Offer Price) from the Listing, for at least five years. We will continue to closely monitor working capital and, if necessary, expect to proceed with the next round of financing with a minimum buffer of 12 months.

KEY FINANCIAL RATIOS

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

	As of December 31,		As of June 30,
	2019	2020	2021
Current ratio	1.4	6.6	8.1
Quick ratio	1.4	6.6	7.7

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

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that the Global Offering has been completed and 36,200,000 H Shares will be issued pursuant to the Global Offering and 910,364,288 Domestic Shares will be converted into H shares.

	Based on an Offer Price of HK$36.00 per Offer Share	Based on an Offer Price of HK$43.20 per Offer Share
Market capitalization of our Shares[(1)]	HK$34,313.9 million	HK$41,176.7 million
Market capitalization of our H Shares[(2)]	HK$34,076.3 million	HK$40,891.6 million
Unaudited *pro forma* adjusted consolidated net tangible assets per Share[(3)]	HK$2.9	HK$3.1

Notes:

(1) The calculation of market capitalization of our Shares is based on 953,163,831 Shares expected to be in issue under the Global Offering, assuming the Over-allotment Option is not exercised.

(2) The calculation of market capitalization of our H Shares is based on 946,564,288 H Shares, comprising of 36,200,000 H Shares to be issued under the Global Offering, assuming the Over-allotment Option is not exercised, and 910,364,288 H Shares to be converted from Domestic Shares.

(3) The unaudited *pro forma* adjusted consolidated net tangible assets per Share is calculated based on 953,163,831 Shares immediately following the completion of the Global Offering but does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The unaudited *pro forma* adjusted consolidated net tangible assets per Share is converted into Renminbi at a rate of HK$1 = RMB0.83306.

RECENT DEVELOPMENT

Completion of Registrational Clinical Trial for *Honghu* and Submission of NMPA Registration Application

We successfully completed the registrational clinical trial for *Honghu* in July 2021. All primary and secondary efficacy endpoints were met. There was no occurrence of device-related AE or serious AE, device defect or implant displacement. See "Business—Our Product Portfolio—Orthopedic Surgical Robots—*Honghu* Orthopedic Surgical Robot ("Honghu")—Summary of Clinical Trial—Registrational Clinical Trial" for details. We submitted an NMPA registration application in July 2021.

Impact of the COVID-19 Outbreak

We have not experienced any material disruption since the outbreak of the COVID-19 pandemic for our clinical activities, such as patient recruitment and clinical trials, and other research and development activities. As of the Latest Practicable Date, the outbreak of COVID-19 had not caused any early termination of our clinical trials or removal of any enrolled patients from our clinical trials. We were not be able to conduct in-person follow-up visits for certain patients of our registrational clinical trials due to travel restrictions. We arranged such patients to visit local qualified hospitals for follow-up visits and delivered relevant documentation to us by mail or email, and we also conducted follow-up phone calls as needed. We had not experienced material disruptions to our supply chain either as of the Latest Practicable Date. Since late July 2021, there has been a recurrence of the COVID-19 outbreak in several provinces in China. The recurrence of the outbreak had not caused any material disruption to our clinical activities and other business activities. Specifically, *Toumai*'s registrational clinical trial was completed before the recurrence, *Honghu*'s registrational clinical trial was completed successfully in July 2021, and the preparatory work for *DFVision*'s formal commercial launch had been carrying out in due course.

As of the Latest Practicable Date, we had no suspected or confirmed COVID-19 cases on our premises or among our employees. To prevent any spread of COVID-19 in our offices and production facilities, we have implemented preventive measures such as regularly sterilizing and ventilating our offices and manufacturing facility, checking the body temperature of our employees daily, keeping track of the travel history and health conditions of employees, and providing face masks and disinfectant to employees attending our offices and facilities.

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

Forecast Loss in 2021

We incurred losses during the Track Record Period, and our losses from operations will increase significantly in 2021. The higher losses were primarily due to the increased level of our research and development activities.

No Material Adverse Change

Our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since June 30, 2021, the end of the period reported on in the Accountants' Report set out in Appendix I to this prospectus.

RISK FACTORS

We are a surgical robot company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. We believe there are certain risks and uncertainties involved in investing in our H Shares, some of which are beyond our control. See the section headed "Risk Factors" for details of our risk factors, which we urge you to read in full before making an investment in our H Shares. In any such case, the market price of our H Shares could decline, and you may lose all or part of your investments. Some of the major risks we face include:

- our business and financial prospects depend substantially on the success of our pipeline products. If we are unable to successfully complete clinical trial, obtain regulatory

approval and commercialize our products, or experience significant delays in doing so, our prospects may be materially and adversely affected;

- we may face intense competition in the surgical robots market. There are well-established competing products, and competitors may develop or commercialize new competing products before or more successfully than we do;
- Sales of laparoscopic surgical robots was subject to a national allocation plan promulgated by the National Health Commission between 2018 and 2020. If the National Health Commission implements a similar allocation plan for 2021 and onwards, the market size of laparoscopic surgical robots may be restrained and *Toumai*'s sales may be adversely affected;
- we have limited experience in commercialization of our products. If we are unable to build or maintain sufficient sales and marketing capability, we may not be able to successfully create, increase market awareness of, or sell our product or pipeline products once approved, which will materially affect our ability to generate product sales revenue;
- we are a pre-revenue medical device company. We have incurred significant net losses since inception, and anticipate that we will continue to incur operating losses for the foreseeable future and may never become profitable. As a result, you may lose all or part of your investment in us given the high risks involved in our business and associated with the medical devices industry;
- the research, development and commercialization of our pipeline products are heavily regulated in all material aspects; and
- we could be unsuccessful in obtaining or maintaining adequate intellectual property rights protection for our products, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.

DIVIDENDS

No dividend was paid or declared by our Company during the Track Record Period. There can be no assurance that we will be able to declare or distribute any dividend. Currently, we do not have a dividend policy.

PRC laws require that dividends be paid only out of distributable profits. Distributable profits are after-tax profits, less any recovery of accumulated losses and mandatory appropriations to statutory and other reserves. As a result, we may not have sufficient distributable profits to make dividend distributions to our Shareholders, even if we become profitable.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$1,332.3 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no exercise of the Over-allotment Option and assuming an Offer Price of HK$39.60 per Offer Share, being the mid-point of the indicative Offer Price range of HK$36.00 to HK$43.20 per Offer Share set forth in this prospectus. We intend to use the net proceeds from the Global Offering for the following purposes:

- Approximately HK$466.3 million (representing 35.0% of the estimated net proceeds) will be used for *Toumai*, our Core Product;
- Approximately HK$279.8 million (representing 21.0% of the estimated net proceeds) will be used for our orthopedic surgical robots;

- Approximately HK$253.1 million (representing 19.0% of the estimated net proceeds) will be used for our other product candidates;
- Approximately HK$66.6 million (representing 5.0% of the estimated net proceeds) will be used to enhance our manufacturing capacities and supply chain management capabilities;
- Approximately HK$133.2 million (representing 10.0% of the estimated net proceeds) will be used to expand our product portfolio with innovative robotic technologies and products through in-licensing, acquisition, equity investments or joint ventures. We cannot assure you that we will be able to identify suitable opportunities and materialize our acquisition plan. See "Risk Factors—Risks Relating to Our Operations—Our acquisitions or strategic partnerships may not be successful and we may face difficulties in integrating acquired operations, which may have material adverse effect on our business, financial condition and results of operation" for details; and
- Approximately HK$133.2 million (representing 10.0% of the estimated net proceeds) will be used for working capital and general corporate purposes.

For details, see "Future Plans and Use of Proceeds."

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB84.3 million (assuming an Offer Price of HK$39.60 per Offer Share, being the mid-point of the indicative Offer Price range of HK$36.00 to HK$43.20 per Offer Share, assuming no exercise of the Over-allotment Option), including underwriting commissions and fees of approximately RMB47.8 million, and non-underwriting related expenses of approximately RMB36.5 million, which consist of accounting and legal fees and expenses of approximately RMB26.3 million and other fees and expenses of approximately RMB10.2 million. After June 30, 2021, approximately RMB23.7 million is expected to be charged to our consolidated statements of profit or loss, and approximately RMB45.8 million is expected to be accounted for as a deduction from equity upon the Listing. Our listing expenses as a percentage of gross proceeds is 7.1%, assuming an Offer Price of HK$39.60 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus) and assuming no exercise of the Over-allotment Option. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

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

DEFINITIONS

"Accountants' Report"	the Accountants' Report for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021 prepared by KPMG, the text of which is set out in Appendix I to this prospectus
"Application Form(s)"	**GREEN** Application Form(s), or where the context so requires, any of them which is used in relation to the Hong Kong Public Offering and **BLUE** Application Form(s) in relation to the Preferential Offering
"Articles of Association" or "Articles"	articles of association of our Company adopted on May 12, 2021 which shall become effective as of the date on which the H Shares are listed on the Stock Exchange, as amended from time to time, a summary of which is set out in "Appendix V—Summary of Articles of Association" to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Assured Entitlement"	the entitlement of the Qualifying MicroPort Shareholders to apply for the Reserved Shares on an assured basis pursuant to the Preferential Offering determined on the basis of their respective shareholdings in MicroPort on the Record Date
"Available Reserved Share(s)"	has the meaning ascribed to it in the section headed "Structure of the Global Offering—The Preferential Offering—Basis of Allocation for Applications for Reserved Shares" in this prospectus
"Beneficial MicroPort Shareholder(s)"	any beneficial owner(s) of share of MicroPort whose shares of MicroPort are registered, as shown in the register of members of MicroPort, in the name of a registered shareholder of MicroPort on the Record Date
"Biobot"	Biobot Surgical Pte. Ltd., a company established in Singapore with limited liability on August 28, 2007. For its shareholding information, please refer to "History, Reorganization and Corporate Structure"
"Biolink Investment"	Ningbo Meishan Biolink Runyao Investment Management LLP (寧波梅山保税港區潤垚投資管理合夥企業（有限合夥）), a limited partnership established in the PRC. For its background information, please refer to "History, Reorganization and Corporate Structure"

"**BLUE** Application Form(s)"	the application form(s) to be sent to Qualifying Microport Shareholders for the subscription of the Reserved Shares pursuant to the Preferential Offering
"Board"	the board of directors of our Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires otherwise, references in this prospectus to "China" and the "PRC" do not apply to Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	Shanghai MicroPort MedBot (Group) Co., Ltd. (上海微创医疗机器人(集团)股份有限公司) (formerly known as MicroPort MedBot (Shanghai) Co., Ltd. (微創（上海） 醫療機器人有限公司)), a limited liability company established in the PRC on May 11, 2015 and converted into a joint stock company with limited liability on December 31, 2020

"Company Law" or "PRC Company Law"	the Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and unless the context otherwise requires, refers to Shanghai Latent, Shanghai Qingzhen, MicroPort Investment and MicroPort
"CPE"	Beijing Panmao Investment Management Co., Ltd. (北京磐茂投資管理有限公司), a limited liability company established in the PRC. For its background information, please refer to "History, Reorganization and Corporate Structure"
"Creedfont Capital"	Creedfont Capital Management Co., Ltd. (凱利易方資本管理有限公司), a limited liability company established in the PRC. For its background information, please refer to "History, Reorganization and Corporate Structure"
"Director(s)"	the directors of our Company, including all executive, non-executive and independent non-executive directors
"Domestic Share(s)"	ordinary Shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB
"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得税法), as enacted by the NPC on March 16, 2007 and effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time
"Extreme Conditions"	any extreme conditions or events, the occurrence of which will cause interruption to the ordinary course of business operations in Hong Kong and/or that may affect the Price Determination Date or the Listing Date
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an Independent Third Party
"Global Offering"	the Hong Kong Public Offering and the International Offering (including the Preferential Offering)
"Grand Flight"	Grand Flight Investment Management Co., Ltd. (遠翼投資管理有限公司), a limited liability company established in the PRC. For its background information, please refer to "History, Reorganization and Corporate Structure"

"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group"	our Company and all of our subsidiaries
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"H Share(s)"	overseas listed foreign Share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be listed on the Stock Exchange and traded in Hong Kong dollars
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 3,620,000 new H Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong at the Offer Price, subject to and in accordance with the terms and conditions set out in this prospectus and the Application Forms
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchange and Clearing Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering whose names are set out in the section headed "Underwriting—Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated October 19, 2021 relating to the Hong Kong Public Offering entered into by, among other parties, our Company, our Controlling Shareholder, the Joint Global Coordinators and the Hong Kong Underwriters
"Independent Third Party(ies)"	an individual or a company which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules

"International Offer Shares"	the 32,580,000 H Shares being offered for subscription under the International Offering (including, for the avoidance of doubt, 1,810,000 Reserved Shares for the Preferential Offering), together, where relevant, with any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option, subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus
"International Offering"	the offer of the International Offer Shares at the Offer Price, in the United States to QIBs only in reliance on Rule 144A and outside the United States in offshore transactions in accordance with Regulation S or any other available exemption from registration under the U.S. Securities Act, as further described in "Structure of the Global Offering" of this prospectus (for the avoidance of doubt, of the International Offer Shares initially being offered under the International Offering, the Reserved Shares are made available for subscription by the Qualifying MicroPort Shareholders under the Preferential Offering)
"International Underwriters"	the group of international underwriters expected to enter into the International Underwriting Agreement relating to the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering to be entered into by, among other parties, our Company, our Controlling Shareholder, the Joint Global Coordinators, Joint Lead Managers, Joint Bookrunners and the International Underwriters on or about the Price Determination Date
"Joint Bookrunners"	J.P. Morgan Securities (Asia Pacific) Limited (in relation to the Hong Kong Public Offering), J.P. Morgan Securities plc (in relation to the International Offering) and China International Capital Corporation Hong Kong Securities Limited
"Joint Global Coordinators"	J.P. Morgan Securities (Asia Pacific) Limited and China International Capital Corporation Hong Kong Securities Limited
"Joint Lead Managers"	J.P. Morgan Securities (Asia Pacific) Limited (in relation to the Hong Kong Public Offering), J.P. Morgan Securities plc (in relation to the International Offering), China International Capital Corporation Hong Kong Securities Limited, Futu Securities International (Hong Kong) Limited and Livermore Holdings Limited

"Joint Sponsors"	J.P. Morgan Securities (Far East) Limited and China International Capital Corporation Hong Kong Securities Limited
"Latest Practicable Date"	October 13, 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the listing of our H Shares on the Main Board
"Listing Date"	the date, expected to be on or about November 2, 2021, on which dealings in our H Shares first commence on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"MedBot SG"	MicroPort MedBot (Singapore) Pte. Ltd, a company incorporated in Singapore with limited liability on September 8, 2021 and wholly owned subsidiary of our Company
"MicroPort"	MicroPort Scientific Corporation (微創醫療科學有限公司), an exempted company incorporated in the Cayman Islands with limited liability on July 14, 2006 whose shares are listed on the Main Board of the Stock Exchange (stock code: 853), and one of our Controlling Shareholders
"MicroPort Group"	MicroPort and its subsidiaries which, for the purpose of this Prospectus and unless the context otherwise requires, excludes our Group
"MicroPort InterBot"	MicroPort InterBot Limited, a company incorporated in the BVI with limited liability on November 26, 2020 and a wholly owned subsidiary of our Company
"MicroPort Investment"	MicroPort Group Co., Ltd. (上海微創投資控股有限公司) (formerly known as MicroPort (Shanghai) Scientific Investment Co., Ltd. (微創(上海)醫療科學投資有限公司), a company established in the PRC with limited liability on April 9, 2013 and one of our Controlling Shareholders
"MicroPort Medical"	MicroPort Medical Corp. Limited (formerly known as MicroPort Medical CHINA Corp. Limited), a company incorporated in Hong Kong with limited liability on April 2, 2012 and a wholly owned subsidiary of our Company

"NaviBot HK"	MicroPort Navibot International Co. Limited, a company incorporated in Hong Kong with limited liability on March 31, 2020 and a wholly owned subsidiary of our Company
"NaviBot US"	MicroPort NaviBot International LLC, a company incorporated in the U.S. with limited liability on April 2, 2020 and a wholly owned subsidiary of our Company
"NDR"	NDR Medical Technology Private Limited, a company incorporated in Singapore with limited liability on October 20, 2014. For its shareholding information, please refer to "History, Reorganization and Corporate Structure"
"Non-Qualifying MicroPort Shareholder(s)"	MicroPort Shareholder(s) whose name(s) appeared in the register of members of MicroPort on the Record Date and whose address(es) as shown in such register are in the Specified Territory or Beneficial MicroPort Shareholder(s) at that time who are otherwise known by MicroPort to be resident in the Specified Territory
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$43.20 and expected to be not less than HK$36.00, such price to be agreed upon by our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before the Price Determination Date
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares (including, for the avoidance of doubt, the Reserved Shares) together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"OrthoBot Suzhou"	Suzhou MicroPort OrthoBot Co,. Ltd. (蘇州微創暢行機器人有限公司), a company established in the PRC with limited liability on July 2, 2019 and a wholly owned subsidiary of our Company
"Over-allotment Option"	the option to be granted by us to and exercisable by the Joint Global Coordinators, pursuant to which we may be required to allot and issue up to an aggregate of 5,430,000 additional H Shares (representing 15.0% of our Shares initially being offered under the Global Offering) at the Offer Price to cover over-allocations in the International Offering, details of which are described in the section headed "Structure of the Global Offering—The International Offering—Over-allotment Option" in this prospectus
"PRC Legal Advisors"	Jia Yuan Law Offices, our legal advisors as to PRC laws

"Preferential Offering"	the preferential offering to the Qualifying MicroPort Shareholders of 1,810,000 Shares (representing 5.0% of the Offer Shares initially being offered under the Global Offering) as an Assured Entitlement out of the International Offer Shares being offered under the International Offering at the Offer Price, on and subject to the terms and conditions set out in this prospectus and in the **BLUE** Application Form, as further described in the section headed "Structure of the Global Offering—The Preferential Offering" in this prospectus
"Pre-IPO Investment(s)"	the pre-IPO investment(s) in our Company, the details of which are set out in the section headed "History, and Reorganization and Corporate Structure—Pre-IPO Investments"
"Pre-IPO Investor(s)"	the investor(s) of the Pre-IPO Investments
"Price Determination Agreement"	the agreement to be entered into between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or about October 26, 2021, on which the Offer Price is to be fixed by agreement between us and the Joint Global Coordinators (on behalf of the Underwriters), and, in any event, not later than Thursday, October 28, 2021 (Hong Kong time)
"Qualified Institutional Buyer" or "QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Qualifying MicroPort Shareholder(s)"	MicroPort Shareholder(s), whose name(s) appeared on the register of members of MicroPort on the Record Date, other than the Non-Qualifying MicroPort Shareholders
"Record Date"	October 4, 2021, being the record date for determining the Assured Entitlement of the Qualifying MicroPort Shareholders to the Reserved Shares
"Regulation S"	Regulation S under the U.S. Securities Act
"Reserved Share(s)"	the 1,810,000 Shares being offered by our Company pursuant to the Preferential Offering at the Offer Price to the Qualifying MicroPort Shareholders as the Assured Entitlement, which are to be allocated out of the International Offer Shares as described in the section headed "Structure of the Global Offering" in this prospectus

"Robocath"	Robocath S.A.S, a company incorporated in France with limited liability on October 9, 2009. For its shareholding information, please refer to "History, Reorganization and Corporate Structure"
"Rule 144A"	Rule 144A under the U.S. Securities Act
"Shanghai Cathbot"	Cathbot (Shanghai) Robot Co., Ltd. (知脈(上海)機器人有限公司), a company established in the PRC with limited liability on March 19, 2021 which is owned as to 51% by our Company and 49% by Robocath
"Shanghai Changlong"	Shanghai Changlong Lifescience Technology Co., Ltd. (上海常隆生命醫學科技有限公司), a company established in the PRC with limited liability on September 7, 2006. For its background information, please refer to "History, Reorganization and Corporate Structure"
"Shanghai Intbot"	Shanghai Intbot Robotics Co., Ltd. (上海介航機器人有限公司), a company established in the PRC with limited liability on March 12, 2021 which is owned as to 40% by our Company, 30% by Biobot and 30% by Shanghai Lingmin Enterprise Consultation Center LLP (上海羚敏企業管理諮詢中心（有限合夥）)
"Shanghai Latent"	Shanghai Latent Artificial Intelligence Co., Ltd. (上海默化人工智能科技有限公司), a company established in the PRC with limited liability on October 31, 2018 and one of our Controlling Shareholders
"Shanghai MicroPort"	Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械（集團）有限公司), a company established in the PRC with limited liability on May 15, 1998 and an indirect wholly owned subsidiary of MicroPort
"Shanghai Qinghe"	Shanghai Qinghe Enterprise Management Consultation Center LLP (上海擎赫企業管理諮詢中心(有限合夥)), a limited partnership established in the PRC on March 29, 2018. For its background information, please refer to "History, Reorganization and Corporate Structure"
"Shanghai Qingmin"	Shanghai Qingmin Enterprise Management Consultation Center LLP (上海擎敏企業管理諮詢中心（有限合夥）), a limited partnership established in the PRC on March 30, 2017. For its background information, please refer to "History, Reorganization and Corporate Structure"

"Shanghai Qingxing"	Shanghai Qingxing Enterprise Management Consultation Center LLP (上海擎興企業管理諮詢中心（有限合夥）), a limited partnership established in the PRC on March 6, 2018. For its background information, please refer to "History, Reorganization and Corporate Structure"
"Shanghai Qingzhen"	Shanghai Qingzhen Enterprise Management Consultation Center LLP (上海擎禎企業管理諮詢中心(有限合夥)), a limited partnership established in the PRC on November 3, 2020 and one of our Controlling Shareholders
"Shanghai Targbot"	Shanghai Targbot Medtech Co., Ltd. (上海術航機器人有限公司), a company established in the PRC with limited liability on February 4, 2021 which is owned as to 41% by our Company, 39% by NDR and 20% by Shanghai Youlong Enterprise Consultation Center LLP (上海佑隆企業管理諮詢中心（有限合夥）)
"Shanghai Yajian"	Shanghai Yajian Enterprise Management Consultation Center LLP (上海雅堅企業管理諮詢中心（有限合夥）), a limited partnership established in the PRC on October 26, 2020. For its background information, please refer to "History, Reorganization and Corporate Structure"
"Shareholder(s)"	holder(s) of our Share(s)
"Share(s)"	ordinary share(s) with nominal value of RMB1.00 each in the share capital of our Company
"Sophisticated Investor(s)"	has the meaning ascribed to it under Guidance Letter HKEX-GL92-18 issued by the Stock Exchange
"Specified Territory"	jurisdiction outside Hong Kong where, taking into account the legal restrictions under the applicable laws or requirements of the relevant regulatory body or stock exchange of such jurisdiction, MicroPort and our Company consider the exclusion of the MicroPort Shareholders with registered addresses in or who are otherwise known by MicroPort to be residents of, such jurisdiction from the Preferential Offering to be necessary or expedient
"Spin-off"	the separate listing of our H Shares on the Main Board, which is expected to be effected by way of the Global Offering, including the Preferential Offering
"Stabilization Manager"	J.P. Morgan Securities (Asia Pacific) Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules

"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	the supervisor(s) of our Company
"Track Record Period"	the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** at www.eipo.com.hk
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Zhuhai Gao Ling"	Zhuhai Gao Ling Equity Investment Management Co., Ltd. (珠海高瓴股權投資管理有限公司), a limited liability company established in the PRC. For its background information, please refer to "History, Reorganization and Corporate Structure"
"1.1 Medical"	1.1 Medical (Beijing) Health Technology Co., Ltd. (易達醫（北京）健康科技有限公司), a company established in the PRC with limited liability on September 20, 2019 and a non-wholly owned subsidiary of our Company

ACRONYMS

"CAGR"	compounded annual growth rate, which is calculated by dividing the amount at the end of the period by the amount of the beginning of that period, raising the result to an exponent of one divided by the number of years in the period, and subtracting one from the subsequent result
"CNIPA"	National Intellectual Property Administration of the PRC (國家知識產權局)

"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"FDA"	the United States Food and Drug Administration
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"NPC"	the National People's Congress (全國人民代表大會)
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"STA"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局)
"USPTO"	the United States Patent and Trademark Office
"VAT"	value-added tax; all amounts are exclusive of VAT in this prospectus except where indicated otherwise

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

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

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

"3D"	three-dimensional in terms of width, height and depth
"abdomen"	the part of the body between the chest and the pelvis
"AE"	adverse event, any untoward medical occurrence in a patient or clinical trial subject
"algorithm"	a procedure or set of rules used in calculation and problem-solving by computer systems
"aortic valve stenosis"	a medical condition that occurs when the heart's aortic valve narrows and cannot open fully, which reduces or blocks blood flow from the heart into the rest of the body
"ascending aorta"	a major artery of the heart
"biopsy"	removal of a sample of tissue from a living person or animal for pathological examination
"borescope"	an optical instrument designed to assist visual inspection of narrow, difficult-to-reach cavities, consisting of a rigid or flexible tube with an eyepiece on one end, an objective lens or camera on the other, linked together by an optical or electrical system in between
"bronchial"	relating to the bronchi, the two primary divisions of the air pathways that lead respectively into the left and the right lungs
"bronchoscopy"	a diagnostic procedure where a flexible endoscope enters the bronchi for inspecting or obtaining tissue for biopsy
"cannula"	a slender tube inserted into a body cavity
"catheter"	a tubular medical device for insertion into canals, vessels, passageways or body cavities usually to permit injection or withdrawal of fluids or to keep a passage open
"CE marking"	a certification mark that indicates conformity with health, safety and environmental protection standards for products sold within the European Economic Area
"cholecystectomy"	a surgery that removes the gallbladder

"Class III medical device"	pursuant to PRC medical devices classification regulations, medical devices with high risk and whose safety and efficacy must be strictly evaluated with specific measures
"conventional MIS"	MIS performed without robotic assistance
"coronary angioplasty"	a medical procedure that restores blood flow in the cardiac muscle by inserting one or more implants into the arteries that supply the cardiac muscle with blood
"CRO"	contract research organization, a company that provides professional research services to pharmaceutical and medical device companies on a contractual basis
"CT"	computed tomography, a medical imaging technique that uses computer-processed combinations of multiple X-ray measurements taken from different angles to produce cross-sectional images of internal organs, bones, soft tissues and blood vessels
"dexterity"	skill and ease in the use of the limbs and in bodily movements
"disposables"	for purposes of this prospectus, surgical instruments and accessories which are discarded and replaced after one or limited times of use
"dynamic response"	the way of which a machine, structure or process reacts over time
"endoscope"	a long slender medical instrument used for examining the interior of hollow organs including the lung, stomach, bladder and bowel
"extraperitoneal RALRP"	a type of RALRP where the surgical space is behind the posterior rectus sheath (outside the abdominal cavity)
"FAS"	full analysis set, a trial population which is as close as possible to the general population for which a test treatment is intended. The FAS population can include individuals who fail to comply with the treatment protocol
"feasibility study"	for purpose of this prospectus, a clinical trial of a medical device candidate designed to preliminarily demonstrate the safety of such device as used in human patients
"femur"	the bone of the thigh, the largest and thickest bone in the human body

"forceps"	an instrument for grasping, holding firmly or exerting traction upon objects especially for delicate operations
"GCP"	good clinical practice, an international ethical and scientific quality standard for the performance of a clinical trial on medicinal products involving humans
"general surgery"	surgery that performed on abdominal organs, such as stomach, intestine, liver, pancreas and gallbladder
"GMP"	good manufacturing practices, quality assurance guideline that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"Grade IIIA Hospitals", "Grade IIIB Hospitals" and "Grade IIIC Hospitals"	top-tier hospitals in China. Hospitals in China are divided into three grades by the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會). Grade III hospitals are at the highest level, typically having more than 500 beds, providing high-level specialist medical and healthcare services to several regions and performing advanced teaching and research tasks. Grade III hospitals are subdivided into A, B, and C grades, among which grade A is the highest in terms of size, technology, medical equipment and technique, management and service quality
"Green Path"	the Innovative Medical Device Special Review and Approval Procedure (創新醫療器械特別審查程序), a selective program under which the NMPA grants priority review and accelerated approval to medical device candidates which meet stringent innovation criteria
"gynecology"	a branch of medicine that deals with the diseases and routine physical care of the reproductive system of women
"HD"	high definition
"heart apex"	the tip of the left heart chamber
"implant"	a graft or device inserted in living tissue for formation of an organic union
"intestine"	the tubular part of the digestive tract that extends from the stomach to the anus
"KSS"	Knee Society Score, a scoring system to rate the patient's functional abilities before and after TKA
"laparoscope"	a fiberoptic instrument inserted through an incision in the abdominal wall and used to examine the interior of the abdominal cavity visually

"laparoscopic surgery"	surgery in which the surgeon operates surgical tools inserted through small incisions in the patient's abdomen
"Level 4 surgery"	surgery with the highest level of technical complexity and requirement for surgeons' qualifications under the classification of relevant PRC regulations
"lymph nodes"	small, round or bean-shaped clusters of cells that contain immune cells which help fight infection by attacking and destroying germs that are carried in through the lymph fluid
"minimally invasive surgery" or "MIS"	surgical procedure performed through tiny incisions instead of a large opening
"natural orifice surgery"	a surgery where the surgical instruments reach the surgical field through natural pathways of the human body, such as the examination of the lungs, bowel and stomach
"nephrectomy"	surgical removal of all or part of one or both kidneys
"open surgery"	the traditional type of surgery in which a large incision is made on the patient's body
"orthopedics"	the branch of surgery concerned with disorders of the spine and joints and the repair of deformities of these parts
"osteoarthritis"	a joint disease characterized by destruction of articular cartilage, usually occurring among the elderly and causing pain and stiffness
"panvascular surgery"	interventional MIS to treat diseases of the vasculature or related organs in the heart, the brain or the peripheral vascular system
"percutaneous lung biopsy"	a procedure in which samples of lung tissue are removed by a long and thin needle inserted through the chest to determine if lung disease or cancer is present
"percutaneous nephrolithotomy"	a surgery that removes kidney stones with a long and thin needle inserted through a small incision at the patient's back
"percutaneous surgery"	procedures to collect tissue samples for diagnostic purposes, such as the detection of early-stage lung cancer, breast cancer and prostate cancer
"port"	for purpose of this prospectus, a spot that allows surgical instruments that are attached to robotic arms to extend into the body
"PPS"	per protocol population, the subset of the FAS population which excludes subjects who fail to comply with the treatment protocol

"prostate"	an organ in the body of male mammals which is situated at the neck of the bladder and produces a liquid which forms part of semen
"radical prostatectomy"	a surgery to remove the entire prostate, the prevailing standard of care, and a potential cure, for early-stage prostate cancer
"RALRP"	robot-assisted laparoscopic radical prostatectomy
"RAPN"	robot-assisted partial nephrectomy
"registrational clinical trial"	a controlled clinical trial of a medical device candidate designed to demonstrate statistically significant clinical efficacy and safety of such device as used in human patients for regulatory approval of such device
"robot-assisted surgery" or "RAS"	surgical procedures that are performed using robotic systems
"robotic arm"	a type of mechanical arm with similar functions to a human arm
"RPRPN"	retroperitoneal approach robot-assisted partial nephrectomy, a type of RAPN where the surgical instruments enter the surgical field from behind the peritoneum, the membrane forming the lining of the abdominal cavity
"serious AE"	serious adverse events, AEs that result in death, or is life-threatening, or require in-patient hospitalization or cause prolongation of existing hospitalization, or result in persistent or significant disability or incapacity
"SMO"	site management organization, an organization that provides clinical trial related services to medical device companies having adequate infrastructure and staff to meet
"sterile drape"	covering material used to ensure a sterile field during surgery
"surgical robot"	robotic systems which are used to assist surgical procedures
"thoracic"	of, or relating to, thorax, the part of the vertebrate body between the neck and the abdomen
"total hip arthroplasty" or "THA"	a surgery to replace a worn-out or damaged hip joint
"total knee arthroplasty" or "TKA"	a surgery to remove damaged cartilage and bones from the surface of knee joint and replace them with artificial implants
"transcatheter aortic valve replacement" or "TAVR"	a minimally invasive heart procedure to replace a narrowed aortic valve that fails to open properly
"transperineal prostate biopsy"	a diagnostic procedure in which the surgeon passes the biopsy needle through the perineal skin and into the prostate

"unicompartmental knee arthroplasty" or "UKA"	partial knee joint replacement, a surgery to remove damaged cartilage and bones from part of the surface of knee joint and replace them with artificial implants
"urology"	the branch of medicine that focuses on surgical and medical diseases of the male and female urinary tract system and the male reproductive organs
"WOMAC Index"	the Western Ontario and McMaster Universities Osteoarthritis Index, a scoring system to rate the patient's functional abilities before and after TKA

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

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

- the timing of initiation and completion, and the progress of our research and development programs and clinical trials;
- the timing and likelihood of regulatory filings and approvals, and pricing of our product candidates;
- the commercialization of our product candidates;
- the market opportunities and competitive landscape of our product candidates;
- estimates of our costs, expenses, future revenues, capital expenditures and our needs for additional financing;
- our ability to attract and retain senior management and key employees;
- our operations and business prospects;
- future developments, trends, conditions and competitive landscape in the industry and markets in which we operate;
- our strategies, plans, objectives and goals and our ability to successfully implement these strategies, plans, objectives and goals;
- our ability to continue to maintain our market position in the PRC surgical robots industry;
- our financial condition and operating results and performance;
- industry trends and competition;
- our ability to attract customers and build our brand image;

- general political and economic conditions;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our dividend policy; and
- the amount of, and potential for, future development of our business.

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

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

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

We are a surgical robot company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. We believe there are certain risks and uncertainties involved in investing in our H Shares, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to the development of our pipeline products; (ii) risks relating to the commercialization of our products; (iii) risks relating to our financial position and need for additional capital; (iv) risks relating to extensive government regulation; (v) risks relating to our intellectual property rights; (vi) risks relating to the manufacture of our products; (vii) risks relating to our reliance on third parties; (viii) risks relating to our operations; (ix) risks relating to doing business in China; and (x) risks relating to the Global Offering.

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO THE DEVELOPMENT OF OUR PIPELINE PRODUCTS

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

We have not had revenue throughout our history. 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. Clinical trial involves lengthy and expensive process with uncertain outcomes. A failure of one or more of our clinical trials can occur at any stage of testing and clinical trials may experience significant setbacks even after earlier trials have shown promising results. In addition, there can be significant variability in safety and/or efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations and the rate of dropout among clinical trial participants. We have invested a significant portion of our efforts and financial resources in the R&D of our pipeline products. For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021, our research and development costs amounted to RMB61.9 million, RMB135.4 million, RMB40.5 million and RMB160.1 million, respectively. We expect to continue to incur substantial and increasing expenditures through the projected commercialization of our pipeline products.

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

- regulators, or ethics committees may not authorize us or our principal investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- clinical trials of our pipeline products may produce negative or inconclusive results, or other unexpected characteristics, and we may decide, or regulators may require us, to conduct additional clinical trials, suspend or terminate the product development programs;
- the initial or interim results of clinical trials may not be predictive of the final clinical trial results and may be subject to adjustments;
- the number of patients required for clinical trials of our pipeline products may be larger than anticipated;
- patient enrollment may be insufficient or slower than anticipated or patients may drop out at a higher rate than anticipated;
- our inability to reach agreements on acceptable terms with prospective CROs, SMOs and hospitals as trial centers, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs, SMOs and hospitals;
- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- we might have to suspend, delay or terminate clinical trials of our pipeline products for various reasons, including a finding of poor surgical outcomes or other unexpected characteristics, a finding that participants are being exposed to unacceptable health risks or reasons outside of our control, such as occurrences of epidemics;
- regulators or ethics committees may require that we or our principal investigators suspend or terminate clinical research or not rely on the results of clinical research for various reasons, including non-compliance with regulatory requirements;
- the cost of clinical trials of our pipeline products may be greater than anticipated; and
- the supply or quality of our pipeline products for use in a clinical trial or other materials necessary to conduct clinical trials of our pipeline products may be insufficient or inadequate.

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

- experience delay in obtaining regulatory approval for our pipeline products or not be able to obtain regulatory approval at all;
- obtain approval for modified or narrowed applications with additional pre-requisites;

- have the product removed from the market after obtaining regulatory approval;
- be subject to additional post-marketing study requirements;
- be subject to restrictions on how the product is distributed or used;
- be unable to obtain medical insurance reimbursement for use of the product; or
- be inferior to products of competitors when being selected by surgeons and hospitals.

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

- receipt of regulatory approvals from the NMPA and other relevant regulatory authorities for our pipeline products;
- establishing sufficient commercial-scale manufacturing capabilities;
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity;
- ensuring that we do not infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property rights of third parties;
- successful launch of our pipeline products, if and when approved;
- gaining market acceptance and penetration and meeting market demand;
- successfully maintaining an effective distribution channel for our product and pipeline products;
- progress of surgical training in the use of our product and pipeline products;
- competition with other surgical robots;
- continuously develop, introduce and market new or enhanced versions of our product and pipeline products on a timely basis; and
- maintaining an acceptable safety profile for our product and pipeline products following regulatory approval, if and when received.

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

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

- the size and nature of the patient population;
- the patient eligibility criteria defined in the protocol;

- the size of the study population required for analysis of the trial's primary endpoints;
- the proximity of patients to trial sites;
- the design of the trial;
- our ability to engage CROs/SMOs with the appropriate competence and experience;
- the patients' perceptions as to the potential advantages and risks of the pipeline products being studied in relation to other available products, pipeline products or non-surgical therapies;
- our ability to obtain and maintain patient consents; and
- the risk that patients enrolled in clinical trials may drop out or fail to return for post-treatment follow-up at a higher rate than anticipated.

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

We may face intense competition in the surgical robots market. There are well-established competing products, and competitors may develop or commercialize new competing products before or more successfully than we do.

The global surgical robots industry is growing at a high pace. There are a number of large and more established companies, whether domestic or multinational, that currently market and sell surgical robots or are pursuing the development of surgical robots that have similar applications to ours. If our products are approved and commercialized, our products' competitive advantages against such incumbent surgical robots remain uncertain. Many of the companies against which we are competing or against which we may compete in the future have significantly greater financial, technical and human resources and expertise in research and development, manufacturing, conducting clinical trials and obtaining regulatory approvals than we do. Besides, competition in marketing and sales of our approved product or future approved surgical robots may be extremely fierce, given the existing competing products and companies will continue to foster market acceptance and brand recognition in the market. For example, we are facing fierce competition against the da Vinci surgical systems, which were the only laparoscopic surgical robots approved by the NMPA and the most widely used surgical robots in the world as of the Latest Practicable Date. We also anticipate that we may face increasing competition as new surgical robot companies enter the market and more advanced

technologies become available. Mergers and acquisitions in the surgical robot industry may result in even more resources being concentrated among a small number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. Our business and results of operations will suffer if we fail to compete effectively.

Our competitors may be applying for marketing approvals in China or other countries for medical device products with the same intended use as our approved product and pipeline products. The ability of the relevant authorities, such as the NMPA, to concurrently review multiple marketing applications for the same type of innovative medical device may be limited. When our pipeline product and its competing products are subject to the NMPA's concurrent review, the NMPA's schedule may be affected, and the registration process of our pipeline product may be prolonged. Moreover, our competitors may obtain approval from the NMPA or other comparable regulatory authorities for their products more quickly than we obtain approval for ours, which could result in our competitors establishing a strong market position or gaining acceptance in the same markets that we are targeting before we are able to enter the market and/or slow our regulatory approval. As a result, we may be unable to maintain or enhance our market share or achieve our targeted market share in this industry. Our approved product or our pipeline products, even if successfully developed and subsequently approved by regulatory authorities, may face competition based on their safety and effectiveness, the timing and scope of the regulatory approvals, the availability and cost of supply, marketing and sales capabilities, reimbursement coverage, price, patent position and other factors. Our commercial opportunities could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective or are less expensive than any products that we commercialize or may develop. As a result, we may not succeed in competing against our competitors in the fast-growing market. In addition, our approved product or our pipeline products, even if commercialized, may not be able to gain as much market share as we have expected.

If we do not advance technologies and introduce improved products in a timely manner, our products may become non-competitive or obsolete and our revenue and operating results may suffer.

Iteration of technologies is crucial to our products. Disruptive technologies and medical research breakthroughs may render our products non-competitive or even obsolete. Without timely introduction of new technologies, our products could become susceptible to competition, or even obsolete, and our revenue and operating results would suffer. Even if we introduce new technologies in a timely manner, our technology capabilities may not be superior to our competitors indefinitely given the pace of change in the technology segment, which may in turn adversely impact our competitive advantage and our ability to commercialize our products if we fail to differentiate them from our competitors' products with market relevance. As a result, we may have to make significant investments in advanced technologies to face such competition. However, iterations and innovations of technologies often require us to invest in substantial time and energy. If such iterations or innovations fail, our time and energy will be in vain, which may have a material adverse impact on our business operations and financial conditions.

We allocate our limited resources to pursue particular pipeline products and may fail to capitalize on products or identify opportunities that may later prove to be more profitable or for which there is a greater likelihood of success.

We have limited financial and managerial resources and we currently only focus on certain key products in selective indicated applications. However, our selection of focus on laparoscopic and orthopedic surgical robots may not yield any commercially viable products or may cause us to miss other opportunities in the market. If we are unable to accurately evaluate the commercial potential or target market for our key products, or fail to focus on products or identify appropriate opportunities that may later prove to be more profitable or for which there is a greater likelihood of success, our business operations may suffer, which may have a material adverse effect on our financial conditions.

RISKS RELATING TO THE COMMERCIALIZATION OF OUR PRODUCTS

We have limited experience in commercialization of our products. If we are unable to build or maintain sufficient sales and marketing capability, we may not be able to successfully create, increase market awareness of, or sell our product or pipeline products once approved, which will materially affect our ability to generate product sales revenue.

As only one product from our product portfolio has received regulatory approval for commercialization, we have limited experience in commercializing our products. Our ability to successfully commercialize our pipeline products may involve more inherent risks, take longer, and cost more than it would if we were a company with more experience in launching and marketing products.

We are gradually establishing our sales and marketing team. We expect that our marketing and promotion activities will primarily include hosting training sessions for surgeons, participating in medical conferences and assisting hospital seminars. We will have to compete with other medical devices companies to recruit, hire, train and retain marketing and sales personnel. There can be no assurance that we will be able to further develop and successfully maintain in-house sales and commercial distribution capabilities to successfully commercialize any of our pipeline products, if and when approved, and as a result, we may not be able to generate product sales revenue. If we are unable to further develop internal sales and marketing capabilities, we will likely pursue collaborative arrangements regarding the sales and marketing of our products. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will have effective sales forces. Any revenue we receive will depend upon the efforts of such third parties. We would have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our products ourselves. We also face competition in our search for third parties to assist us with the sales and marketing efforts for our products. As a result, if our products are commercialized, our products' market positions remain uncertain.

Sales of laparoscopic surgical robots was subject to a national allocation plan promulgated by the National Health Commission between 2018 and 2020. If the National Health Commission implements a similar allocation plan for 2021 and onwards, the market size of laparoscopic surgical robots may be restrained and Toumai's sales may be adversely affected.

Pursuant to the National Health Commission released the Notice for Adjusting the Allocation of Large-Scale Medical Devices Between 2018 and 2020 (《國家衛生健康委關於調整 2018-2020 年大型醫用設備配置規劃的通知》), a total of 225 laparoscopic surgical robots were planned to be sold to medical institutions in the PRC between 2018 and 2020. As of the Latest Practicable Date, there had not been an allocation plan promulgated for 2021. There is no certainty whether sales of laparoscopic surgical robots will be subject to any quota for 2021 and onwards. If the National Health Commission implements a similar allocation plan for 2021 and onwards, the market size of laparoscopic surgical robots may be restrained. As a result, sales of *Toumai* and any other laparoscopic surgical robots we develop in the future may be adversely affected.

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

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

In addition, our products may be perceived to cause severe adverse events if one or more regulators, such as the NMPA, determine that other companies' products containing the same or similar key parts or using the same technologies as our products' caused or are perceived to have caused severe adverse events. If our products caused, or are perceived to have caused, severe adverse events, we may face a number of consequences, including:

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

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

Our pipeline products, even if approved, may fail to achieve broad market acceptance.

Our pipeline products represent a new way to perform surgery. The commercial success of our products, upon regulatory approval, depends upon the degree of market acceptance, particularly among surgeons and patients. Our products, even if approved, may fail to gain sufficient market acceptance by surgeons or patients in the medical community. We believe that surgeons' acceptance of the benefits of procedures performed using our products will be essential for acceptance by patients. Surgeons will not recommend the use of our products unless we can demonstrate that they produce results comparable or superior to existing surgical techniques or surgical robots already available. Even if we can prove the effectiveness of our products through clinical trials, surgeons may elect not to use our products for any number of other reasons. In addition, surgeons may be slow to adopt our products because of their familiarity with or habit of using existing products. In addition, surgeons and patients may prefer other novel products to ours. If our products (once approved and upon commercialization) do not achieve an adequate level of acceptance, we may not generate significant product sales revenue 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:

- the clinical applications for which our pipeline products are approved;
- surgeons, hospitals and patients considering our products (upon commercialization) as a safe and effective device;
- the potential and perceived advantages and disadvantages of our products (upon commercialization) and relevant applications compared to alternative products;
- the prevalence and severity of any negative or inconclusive results or complications;
- limitations or warnings contained in the labeling approved by regulatory authorities;
- the timing of market introduction of our pipeline products (upon commercialization) as well as competitive products;
- the cost of treatment in relation to alternative treatments;
- the willingness of patients to pay out-of-pocket in the absence of coverage and reimbursement by third-party payers and government authorities; and/or
- the effectiveness of our sales and marketing efforts.

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

We expect that there will be a learning process involved for surgical teams to become proficient in the use of our products. Broad use of our products will require training of surgical teams. Market acceptance could be delayed by the time required to complete this training. We may not be able to

rapidly train surgical teams in numbers sufficient to generate adequate demand for our products. We cannot be certain that our training programs will be cost effective or sufficient to meet our customers' needs.

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

To further penetrate into China's surgical robot market and enhance our brand recognition in hospitals, we plan to adopt an academic promotion approach, including hosting training sessions for surgeons, participating in medical conferences and assisting hospital seminars. We expect to promote the adoption of products by hospitals that have the potential to perform surgical robots, and increase market penetration gradually. However, we may not be able to do so, and our sales volume and business prospects could be materially and adversely affected.

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

Guidelines, recommendations and studies published by various organizations could disfavor our products.

Government agencies, professional societies, practice management groups, private health and science foundations and organizations focused on various diseases may publish guidelines, recommendations or studies that affect our or our competitors' products and pipeline products. Any such guidelines, recommendations or studies that reflect negatively on our products could result in current or potential decreased use, sales of, and revenue from one or more of our products. For example, the government may issue guidelines with respect to the quota for major medical equipment allowed to be sold. Such guidelines may affect the sales and use of our products and further affect our financial conditions. Furthermore, our success depends in part on our and our business partners' ability to educate healthcare providers and patients about our products, and these education efforts could be rendered ineffective by, among other things, third parties' guidelines, recommendations or studies.

Commercialization of our products may be affected by the possibility of inclusion in the medical insurance reimbursement list.

Our ability to commercialize our products will depend in part on the possibility and the extent to which medical insurance reimbursement for surgical robot will be available to patients, which is out of our control. China has a complex medical insurance system that is undergoing reform. As of the Latest Practicable Date, robot-assisted surgeries had not been covered by the national medical insurance reimbursement list; at the local level, only four types of surgeries had been partially covered by the medical insurance reimbursement list of Shanghai. This may affect the patients' choice to use a surgical robot in surgery given the high price of surgical robot caused by its consumable parts and components.

As of the Latest Practicable Date, we had not had any plan to enroll our surgical robots in the national medical insurance reimbursement list and had not had any communication or correspondence with the relevant authorities. Even if we seek to enroll our products in reimbursement lists in the future, we cannot be sure whether reimbursement will be available for any of our products and, if reimbursement is available, what the level of reimbursement will be. Reimbursement may impact the demand for, or the price of, any product for which we obtain regulatory approval. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any product that we successfully develop.

In the absence of sufficient medical insurance coverage for the use of our products, patients may choose alternative surgical or therapeutic methods, and hospitals may recommend such alternative methods, which would reduce demand for our products and our sales which could in turn materially and adversely affect our business, financial condition and results of operation.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We are a pre-revenue medical device company. We have incurred significant net losses since inception, and anticipate that we will continue to incur operating losses for the foreseeable future and may never become profitable. As a result, you may lose all or part of your investment in us given the high risks involved in our business and associated with the medical devices industry.

We are a pre-revenue medical device company and only received our first approval for a pipeline product recently. Investments in the development of innovative medical devices such as our surgical robots are highly speculative. It entails substantial upfront capital expenditure and significant risks that a pipeline product may fail to gain regulatory approval or become commercially viable. As a result, you may lose all or part of your investment in us given the high risks involved in our business and associated with surgical robots market. We did not generate any revenue from our approved product or the pipeline products we are developing, and we will continue to incur significant research and development and other expenses related to our ongoing operations. Our ability to generate revenue will depend primarily on the success of the clinical trials, regulatory approval and commercialization of our products, which is subject to significant uncertainty. Even if we successfully complete clinical trials and obtain regulatory approval to market our products, our future revenue will depend upon other factors such as the market size for the proposed applications of our approved product or pipeline products, and our ability to achieve sufficient market acceptance.

We have incurred significant expenses related to the research and development of our pipeline products in the past. For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, our research and development costs amounted to RMB61.9 million, RMB135.4 million and RMB160.1 million, respectively, which contributed significantly to our net losses of RMB69.8 million, RMB209.3 million and RMB242.6 million, respectively.

We expect to continue to incur net losses in the near future, and the losses may increase as we further our research and development efforts, continue the development of, seek regulatory approvals for, and commercialize our products. The size of our future net losses will depend, in part, on the number, scope and complexity of our product development programs and the associated costs of those programs, and the cost of commercializing any approved products and our ability to generate

revenues. We may never become profitable. Even if we achieve profitability in the future, we may not be able to maintain profitability in subsequent periods. Our failure to become and remain profitable would decrease the value of our Company and could impair our ability to raise capital, maintain our R&D efforts, expand our business and/or continue our operations. Failure to become and remain profitable may adversely affect the market price of our H Shares and our ability to raise capital. A decline in the market price of our H Shares could cause potential investors to lose all or part of their investments in our business.

We had net operating cash outflows during the Track Record Period. We may need to obtain additional financing to fund our operations. If we are unable to obtain sufficient financing, we may be unable to complete the development and commercialization of our products.

We had net cash used in operating activities of RMB48.7 million, RMB103.0 million and RMB237.0 million for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, respectively. We cannot assure you that we will be able to generate cash flows from operating activities in the future. Our liquidity and financial condition may be materially and adversely affected by negative net cash flows. In addition, our existing cash and cash equivalents may not be sufficient to enable us to complete all development or commercially launch all of our current pipeline products for the anticipated characteristics and to invest in additional programs. Accordingly, we may require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources. If we resort to other financing activities to generate additional cash, we will incur financing costs and we cannot guarantee that the financing may be available when we need them, on terms that are favorable to us, or at all. Our ability to raise funds will also depend on financial, economic and market conditions and other factors, many of which are beyond our control. If adequate funds are not available to us on a timely manner, we may have to delay, limit, reduce or terminate preclinical studies, clinical trials or other research and development activities or the commercialization for one or more of our pipeline products, which in turn will adversely affect our business prospects.

Fair value changes in our financial instruments and related valuation uncertainty may materially affect our financial condition and results of operations.

During the Track Record Period, we acquired certain unlisted equity investments in NDR and Biobot and warrants issued by Robocath as part of our investment in Robocath. We classified these financial instruments as other financial assets and derivative financial assets, respectively, in which no quoted prices in an active market exist. The fair value of these financial instruments was established by using valuation techniques, including latest purchase price technique for our investment in unlisted equity securities of NDR and Biobot, and binomial tree and Monte Carlo models for warrants issued by Robocath as derivative financial assets. Valuation techniques are certified by an independent business valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs. In determining the fair value of derivative financial assets, we may use multiple unobservable inputs, including expected volatility by taking into account the historical volatility of the comparable companies, which may involve management judgment and be inherently uncertain. See "Financial Information—Critical Judgments and Estimates—Fair Value of Other Financial Assets and Derivative Financial Assets" and Notes 15 and 27(e) of the Accountant's Report set out in Appendix I

to this prospectus for details. Any change in the assumptions or the use of unobservable inputs may lead to different valuation results and, in turn, changes in the fair value of these financial instruments may affect our financial condition and results of operations.

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

In each taxable period during the Track Record Period, we recorded a net loss and did not record any income tax. We may be subject to PRC corporate income tax in the future, which could reduce our profitability. In addition, we are qualified for certain preferential tax treatment policies in the PRC. For example, we were entitled to super deduction of our research and development costs incurred in the PRC during the Track Record Period in accordance with a preferential tax treatment policy. We cannot assure you that we will continue to enjoy such preferential tax treatment at historical levels, or at all. In the event that any of the preferential tax treatment we currently enjoy is reduced, discontinued or withdrawn by the government authorities, our results of operations and growth prospects may be materially and adversely affected.

We have incurred and may continue to incur share-based payments. The issuance of share-based payment awards may cause dilution to our existing Shareholders and may affect the market price of our H Shares.

In 2019, 2020 and the six months ended June 30, 2021, we recognized equity-settled share-based payment of RMB3.0 million, RMB15.8 million and RMB36.2 million, respectively. We only granted shares to our key employees on a case-by-case basis during the Track Record Period. In the future, we may issue options and shares to our Directors, senior management and key employees to incentivize their performance and align their interests with ours. As a result, we may incur equity-settled share-based payments, which could have a material adverse effect on our net profits. Furthermore, the grant of equity-accounted share-based payments may result in an immediate and potentially substantial dilution to our existing Shareholders and could result in a decline in the value of our H Shares.

RISKS RELATING TO EXTENSIVE GOVERNMENT REGULATION

The research, development and commercialization of our pipeline 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 detail. We intend to primarily focus our activities in China while pursing global opportunities. These geopolitical areas all have comprehensive regulation on medical devices, and in doing so they employ broadly similar regulatory strategies, including regulation of product development, approval, sales and marketing and distribution of medical devices. However, there are differences in the regulatory regimes in different regions, which make regulatory compliance more complex and costly for companies like us that plan to operate in each of these regions.

The process of obtaining regulatory approvals and compliance with appropriate laws and regulations require substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process, approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include a

regulator's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. The failure to comply with these regulations could have a material adverse effect on our business, financial condition and prospects.

We may not be able to obtain, or may experience delays in obtaining, required regulatory approvals for our pipeline products in our target markets.

The process required to obtain approval from the NMPA and other comparable regulatory authorities is a lengthy, expensive and uncertain process, and approval is never guaranteed. When we submit a registration application to the regulatory authorities, the regulatory authorities will decide whether to accept or reject the registration application. We cannot be certain that all of our submissions will be accepted for filing and review by the regulatory authorities. In addition, the time required to obtain approval from the regulatory authorities is unpredictable but typically takes years following the commencement of preclinical studies and clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. As of the Latest Practicable Date, we received marketing approval for only one of our products, and it is possible that none of our other pipeline products or any pipeline products we may design, in-license or acquire and seek to develop in the future will ever obtain such approval.

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

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

Our pipeline products may cause safety issues 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.

Serious adverse events arising from safety issues caused by our pipeline products could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the NMPA or other comparable regulatory authorities, or could result in limitations or withdrawal following approvals. For example, in the event that results of our trials reveal a high and unacceptable severity or prevalence of adverse events, our trials may be suspended or terminated by the NMPA and other comparable regulatory authorities could order us to cease further development of, or deny approval of, our pipeline products.

Any occurrence of adverse events during clinical trials may harm our reputation, business, financial condition and prospects.

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

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

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

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

Our approved product and pipeline products, to be approved by the regulators, are and will be subject to ongoing regulatory requirements with respect to labeling, packaging, storage, advertising,

promotion, sampling, record-keeping, conducting post-market studies, submission of safety, efficacy, and other post-market information, and other requirements of regulatory authorities in China and other applicable jurisdictions where the products are approved. As such, we are and will be subject to continual review and inspections by the regulators in order to assess our compliance with applicable laws and requirements and adherence to commitments we made in any application materials with the NMPA or other relevant regulatory authorities.

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

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

- restrictions on the marketing of our approved product and pipeline products, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, untitled or warning letters, or holds on clinical trials;
- refusal by the NMPA or other comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us or suspension or revocation of license approvals or withdrawal of approvals;
- product seizure or detention, or refusal to permit the import or export of our approved product and pipeline products; and/or
- injunction or imposition of civil or criminal penalties.

We cannot predict the likelihood, nature or extent of governmental policies or regulations that may arise from future legislation or administrative actions in China or overseas, where the regulatory environment is constantly evolving. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are unable to maintain regulatory compliance, we may lose any regulatory approval that we have obtained and we may not achieve or sustain profitability. In addition, if we were able to obtain conditional approval of any of our pipeline products, the NMPA and other relevant regulatory authorities may require us to conduct a

confirmatory study to verify the predicted clinical benefit and additional safety studies. The results from the confirmatory study may not support the clinical benefit, which would result in the approval being withdrawn. While operating under conditional approval, we will be subject to certain restrictions that we would not be subject to upon receiving regular approval.

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

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

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

We are subject to numerous environmental, health and safety laws and regulations. We generally contract with third parties for the disposal of medical wastes produced during our development of pipeline products or clinical trials. See "Business—Social, Health, Work Safety and Environmental Matters" for details. We cannot eliminate the risk of contamination to the environment or injuries from these materials. In the event of such contamination or injuries, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties. We may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research and development. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

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

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

Legislative and regulatory proposals have been made to expand post-approval requirements for medical devices. We cannot be sure whether additional legislative changes will be enacted, or whether NMPA regulations, guidance or interpretations will be changed, or what the impact of such changes on the regulatory approvals of our products may be. For example, according to the Regulations on the Supervision and Administration of Medical Devices (醫療器械監督管理條例） effective on June 1, 2021, medical device companies are required to establish a quality management system and monitor and evaluate post-approval risks and adverse events caused by the products. The impact of these more specific requirements and whether they will adversely affect the registration of our products with the NMPA is yet to be observed.

The Notice on Printing and Distributing the Reform Plan for the Management of High-value Medical Consumables (關於印發治理高值醫用耗材改革方案的通知), issued on July 19, 2019 by General Office of the PRC State Council, encourages local governments to adopt the "Two Invoice System" on a case-by-case basis to reduce resales of high-value medical consumables and promote the transparency of purchase and sales. As of the Latest Practicable Date, a few provinces have implemented the "Two Invoice System" in the field of medical consumables. As the implementation of the "two-invoice system" is still at an early stage, and the interpretation and enforcement of such system in the medical device industry are evolving and subject to uncertainty, we cannot predict how the implementation and enforcement will evolve in different provinces in China, or whether and how that will affect our business and results of operations in the future.

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

We routinely receive, collect, generate, store, process, transmit and maintain medical data, treatment records and other personal details of the subjects enrolled in our clinical trials, along with other personal or sensitive information. As such, we are subject to the relevant local, national and international data protection and privacy laws, directives regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data in the various jurisdictions in which we operate and conduct our clinical trials, as well as contractual

obligations. These data protection and privacy law regimes continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions and increased costs of compliance. Failure to comply with any of these laws could result in enforcement action against us, including fines, imprisonment of company officers and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

Data protection and privacy laws and regulations generally require clinical trial sponsors and operators and their personnel to protect the privacy of their enrolled subjects and prohibit unauthorized disclosure of personal information. If such institutions or personnel divulge the subjects' private or medical records without their consent, they will be held liable for damage caused thereby. The personal information of patients or subjects for our clinical trials is highly sensitive and we are subject to strict requirements under the applicable privacy protect regulations in the relevant jurisdictions. Whilst we have adopted security policies and measures to protect our proprietary data and patients' privacy, privacy leakage incidents might not be avoided due to hacking activities, human error, employee misconduct or negligence or system breakdown. We also cooperate with third parties including hospitals and CROs for our clinical trials and operations. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as a result of our failure. Furthermore, any change in data protection and privacy laws and regulations could affect our ability to use medical data and subject us to liability for the use of such data for previously permitted purposes. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personally identifiable information or other patient data, could cause our customers to lose trust in us and could expose us to legal claims.

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

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

We seek to protect the proprietary technologies that we consider commercially important by filing patent applications in the PRC and other jurisdictions. This process is expensive and time-

consuming. For example, we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We cannot be certain that patents will be issued or granted with respect to our patent applications that are currently pending, or that issued or granted patents will not later be found to be invalid and/or unenforceable, be interpreted in a manner that does not adequately protect our products, or otherwise provide us with any competitive advantage. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields and territories.

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

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

The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the PRC and other jurisdictions. We may be subject to a third-party pre-issuance submission of prior art to the CNIPA, USPTO or other related intellectual property offices, or become involved in post-grant proceedings such as opposition, derivation, revocation and re-examination, or inter parties review, or interference proceedings or similar proceedings in foreign jurisdictions challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our proprietary technologies and compete directly with us without payment to us, or result in our inability to manufacture or commercialize products without infringing, misappropriating or otherwise violating third-party patent rights. Moreover, we may have to participate in interference proceedings declared by the CNIPA, USPTO or other related intellectual property offices to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge the priority of our invention or other features of patentability of our patents and patent applications. Such challenges may result in loss of patent rights, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our proprietary technologies. Such proceedings also may result in substantial costs and require significant time from our scientists, experts and management, even if the eventual outcome is favorable to us. Consequently, we do not know whether any of our proprietary technologies will be protectable or remain protected

by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner.

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

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

Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain, and we may be subject to substantial costs and liability, or be prevented from using technologies incorporated in our products, or delay the commercialization of our products certain jurisdictions, as a result of such litigation or other proceedings relating to patent or other intellectual property rights.

Our commercial success depends in part on our avoidance of infringement, misappropriation or other alleged violations of patents, trademarks or other intellectual property rights of third parties. There may be third-party patents or patent applications of which we are currently unaware. Our trademark applications may not be successful due to pre-existing claims. As the healthcare industry expands, more patents or other intellectual properties are issued, and risks of such infringement or misappropriation may arise. Third parties including our business partners and competitors, or even actors outside the healthcare industry, may assert that we are in violation of their patent, trademark or other proprietary rights. We may also be subject to allegations by third parties of unfair competition, defamation or violation of their other rights. We cannot assure you that a court would find in our favor on questions of infringement, validity, enforceability or priority, which could have a material and adverse effect on our ability to develop and commercialize our products covered by the asserted third-party intellectual property rights according to our plan. The burden of successfully challenging a third-party claim may be high and require us to present clear and convincing evidence as to the invalidity of any such claim. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business.

If successful claims are brought against us for infringement, misappropriation or other violations of the asserted intellectual property rights, we may be subject to injunctive or other equitable relief, which could prevent us from developing or commercializing our products according to our plan and further affect our business operations and financial condition. In the event of an adverse result in any such litigation, or even in the absence of litigation, we may need to obtain licenses from third parties to advance our research and development or allow commercialization of our products, or to pursue an alternative arrangement. Any such license might not be available on reasonable terms, or at all, and any alternative arrangement might not be as satisfactory as our original plan.

Even if litigation or other proceedings are resolved in our favor, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the market price of our H Shares. Such litigations or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

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

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

As of the Latest Practicable Date, we owned 118 patents in China, including 71 invention patents (two of which are related to our Core Product, *Toumai*), 9 utility models and 38 appearance designs, and 23 patents overseas as part of our global strategy. As of the same date, we also had over 280 pending patent applications in China and overseas. In addition, as of the Latest Practicable Date, we also held 93 trademarks in China and overseas. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, our business could be materially adversely affected.

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

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

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

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

Our rights to develop and commercialize our products are subject, in part, to the terms and conditions of licenses granted to us or our joint ventures by licensing partners.

We rely on licenses to certain patent rights and other intellectual property from third parties that are important or necessary to the development, manufacture or commercialization of some of our products. These and other licenses may not provide exclusive rights to use such intellectual property in all relevant fields of use or in all territories in which we or our joint ventures may wish to develop or commercialize our products. As a result, other third parties who obtain relevant licenses from our licensing partners may develop or commercialize products in the fields which are not included in our licenses or develop and commercialize competing products in the markets outside our licensed territories.

In addition, we or our joint ventures may not have the right to control the preparation, filing, prosecution, maintenance, enforcement or defense of patents and patent applications covering the products that we or our joint ventures license from third parties. Therefore, we cannot be certain that these patents and patent applications will be prepared, filed, prosecuted, maintained, enforced and defended in a manner consistent with the best interests of our business. If our licensing partners fail to prosecute, maintain, enforce or defend such patents, or lose rights to those patents or patent applications, the rights we or our joint ventures have licensed may be reduced or eliminated, and our right to develop and commercialize any of our products that are subject of such licensed rights could be adversely affected.

In spite of our best efforts, our licensing partners might conclude that we or our joint ventures have materially breached the relevant license agreements and might therefore terminate such license agreements, thereby removing our ability to develop and commercialize products covered by these license agreements. If such licenses are terminated, we or our joint ventures may be required to seek alternative in-license arrangements, which may not be available on commercially reasonable terms or at all, or may be non-exclusive. In addition, we or our joint ventures may seek to obtain additional licenses from our licensing partners and, in connection with obtaining such licenses, we or our joint ventures may agree to amend our existing licenses in a manner that may be more favorable to the licensing partners, including by agreeing to terms that could enable third parties (potentially including our competitors) to receive licenses to a portion of the intellectual property that is subject to the existing licenses. If such alternative or additional in-license arrangements are not available, we or our joint ventures may need to modify or cease the development, our manufacture, or commercialization of one or more of our products and competitors would have the freedom to seek regulatory approval of, and to market, products identical to ours. Any of these events could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

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

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

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

are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

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

Intellectual property rights do not necessarily protect us from all potential threats.

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. For example:

- others may be able to make products that are similar to our approved product or pipeline products or any potential pipeline products we may develop or utilize similar technology that are not covered by the claims of the patents that we own or license now or in the future;
- we, current or any future collaboration partners, or any future licensors, might not have been the first to make the inventions covered by the issued patent or pending patent application that we own or may license in the future;
- we, current or any future collaboration partners, and any future licensors, might not have been the first to file patent applications covering certain of our or their inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing, misappropriating or otherwise violating our intellectual property rights;
- it is possible that our pending patent applications will not lead to issued patents;
- patents that may be issued from our pending patent applications may be held invalid or unenforceable, including as a result of legal challenges by our competitors or other third parties;
- 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 products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable;
- the patents of others may harm our business; and
- we may choose not to file a patent for certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

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

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

RISKS RELATING TO THE MANUFACTURE OF OUR PRODUCTS

The manufacture of our products is a highly exacting and complex process and subject to strict quality controls. Our business could suffer if we encounter problems in managing the manufacturing process of our products.

We have no experience in large-scale manufacturing of our products for commercial use and we have limited experience in managing the manufacturing process.

The manufacture of our products is highly complex and subject to strict quality controls. For a sophisticated surgical device, quality is extremely important due to the serious and costly consequences of a product failure. We have established a comprehensive set of quality control and quality assurance procedures to monitor our manufacturing process to ensure it to comply with relevant regulatory requirements and our internal quality requirements. Despite our quality control and assurance system and procedures, we cannot eliminate the risk of product defects or failure. Problems can arise during the manufacturing process for a number of reasons, including equipment malfunction, failure to follow protocols and procedures, defects, insufficient supply of raw materials, advances in manufacturing techniques and man-made or natural disasters and other environmental factors. If problems arise during the production of a set of surgical robot, we may need to replace the parts and components in issue and may experience a delay in manufacturing or incur added expenses. This could, among other things, lead to increased costs, lost revenue, damage to customer relationships, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred.

Manufacturing methods and technologies are sometimes altered through the development from clinical trials to approval, and further to commercialization, in an effort to optimize manufacturing processes and results. Such alterations carry the risk that they will not achieve these intended objectives. Any of these alterations could cause the products to perform differently and affect the results of planned clinical trials or other future clinical trials conducted with the altered materials. This could delay the commercialization of products and require bridging studies or the repetition of one or more clinical trials, which may result in increases in clinical trial costs, delays in products approvals and jeopardize our ability to commence product sales and generate revenue.

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

We may not be able to secure a stable supply of qualified raw materials at all times or at all.

Our key raw materials for the manufacturing of surgical robots include encoders, drivers, industrial control machines and optical position measuring machines. To ensure the quality of our principal raw materials, we only procure them from selected suppliers that can satisfy our stringent raw material requirements. Although we believe that we have stable and long-term relationships with our existing suppliers and we are also exploring other qualified suppliers, we cannot assure you that we will be able to secure a stable supply of qualified raw materials at all times going forward. Further, the custom clearance procedures for imported raw materials could be lengthy and thus could adversely affect the timely supply of such raw materials. If any of these suppliers loses its qualification or eligibility for a variety of reasons including its failure to comply with regulatory requirements, or if we encounter lengthy custom clearance procedures to import certain of our raw materials, we may experience delays in the supply of our raw materials and, if our inventory of the relevant raw material does not sufficiently cover the deficiency over the relevant time period, interruption in our manufacturing process. In addition, we are also exposed to risks associated with fluctuations in prices of raw materials. A significant increase in the costs of raw materials may disrupt our operations and have a directly negative impact on our gross margin.

If we are unable to meet demand for our products by ensuring that we successfully build our own manufacturing capacity, or if we are unable to successfully manage our anticipated growth or to precisely anticipate market demand, our business could suffer.

To prepare for product launches in the near term, we have established two manufacturing facilities in Shanghai and are planning to establish a new manufacturing facility and an assembly facility. See "Business—Our Platform—Manufacturing and Supply Chain" for details. Damage to, destruction of or interruption of production at our manufacturing facilities, or delays in completing our new manufacturing facilities could delay our development plans or commercialization efforts. Furthermore, if our manufacturing facilities encounter or, upon completion, encounter unanticipated delays and expenses in manufacturing as a result of any of these difficulties, we may not be able to manufacture sufficient quantities of our products, which would limit our development and commercialization activities.

Manufacturers of surgical robotic products often encounter difficulties in production particularly in scaling up, validating the production process, and assuring high reliability of the manufacturing process (including the absence of contamination). These problems include logistics and shipping, difficulties with production costs and yields, quality control, product testing, operator errors, availability of qualified personnel and compliance with strictly-enforced regulations. We will need to produce our products in the quantities that can meet anticipated market demand. We cannot assure you that we will be able to do so.

During the construction and ramp-up period, there may be significant changes in the macroeconomics of the surgical robots industry, including, among other things, market demand, product and supply pricing trends and customer preferences. Any adverse trends in these respects could result in operational inefficiency and unused capacity in our facilities. We may also experience various unfavorable events in the course of developing our new manufacturing facilities, such as:

- unforeseen delays due to construction, land use rights or regulatory issues, which could result in loss of business opportunities;
- construction cost overruns, which may require diverting resources and management's attention from other projects; and
- difficulty in finding sufficient numbers of trained and qualified manufacturing staff.

The success of our business expansion also depends on our ability to advance products through the development, regulatory approval and commercialization stages. Any delay, suspension or termination in such respects would harm our ability to generate satisfactory returns on our investment in manufacturing expansion, if at all, which in turn could have a material adverse effect on our business, financial condition and results of operations.

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

We face an inherent risk of product liability as a result of clinical testing and any current or future commercialization of our products globally. The medical device industry has historically been litigious particularly in certain jurisdictions, and we could face financial exposure. For example, we may be sued if our products cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Such product liability claims, if any, may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the medical device product, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection acts. If we cannot successfully defend ourselves against or obtain indemnification from our collaborators for product liability claims, we may incur substantial liabilities or be required to limit commercialization of our products. Even successful defense would require significant financial and management resources. There is also the possibility that defects in the design or manufacture of our products might necessitate a products recall.

Regardless of the merits or eventual outcome, any liability claims or product recalls may result in:

- decreased demand for our products and loss of revenue;

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

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

RISKS RELATING TO OUR RELIANCE ON THIRD PARTIES

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

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

In addition, there is no guarantee that these third parties may devote adequate time and resources to our studies or perform as required under their contractual obligations, meet the expected deadlines or maintain clinical trial information regarding our pipeline products or in accordance with regulatory requirements, including clinical, laboratory and manufacturing guidelines. Our reliance on these third parties may result in delays in completing, or in failing to complete, these studies if they fail to

perform in accordance with the contractual arrangements. If these third parties fail to meet expected deadlines, fail to timely transfer to us any regulatory information, fail to adhere to protocols or fail to act in accordance with regulatory requirements or our agreements with them, or if they otherwise perform in a substandard manner or in a way that compromises the quality and/or accuracy of their activities and/or the data they obtain, then clinical trials of our pipeline products may be extended, delayed or terminated, or our data generated by those studies may be rejected or not accepted by the applicable regulatory authorities, such as the NMPA, which would increase the cost of and the development time for the relevant pipeline product. If any of the preclinical studies or clinical trials of our pipeline products is affected by any of the above-mentioned reasons, we will be unable to meet our anticipated development or commercialization timelines, which would have a material adverse effect on our business and prospects.

We may not timely realize the benefits of collaborations or licensing arrangements.

We may from time to time establish collaborations or enter into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our products. As of the Latest Practicable Date, we had collaborated with three overseas medical device companies, Robocath, NDR and Biobot. For details, see "Business—Collaboration with Third Parties."

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

Further, collaborations are subject to numerous risks, which may include the following:

- collaborators have significant discretion in determining the efforts and resources that they will apply to a collaboration;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our pipeline products;
- collaborators may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;

- collaborators may not pursue development and commercialization of our products or may elect not to continue or renew development or commercialization programs based on clinical trial results, or change their strategic focus due to the acquisition of competitive products, availability of funding, or other external factors, such as a business combination that diverts resources or creates competing priorities;

- collaborators may delay clinical trials, provide insufficient funding for a clinical trial, stop a clinical trial, abandon a pipeline product, repeat or conduct new clinical trials, or require a new design of a pipeline product for clinical testing;

- a collaborator with marketing and distribution rights to one or more products may not commit sufficient resources to their marketing and distribution;

- disputes may arise between us and a collaborator that cause the delay or termination of the research, development or commercialization of our products, or that result in costly litigation or arbitration that diverts management attention and resources;

- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the products; and/or

- collaborators may own or co-own intellectual property covering our products that results from our collaborating with them, and in such cases, we would not have the exclusive rights to commercialize such intellectual property.

As a result, if we enter into collaboration agreements and strategic partnerships or license our products, we may not be able to timely realize the benefit of such transaction if we are unable to successfully integrate such products with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will achieve the revenue or specific net income that justifies such transaction. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a pipeline product, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our products or bring them to market and generate product sales revenue, which would harm our business prospects, financial condition and results of operations.

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

there is no cash flow until dividends received even if profits are reported under equity accounting. Therefore, our financial condition and results of operations might be affected by the share of results of joint venture.

RISKS RELATING TO OUR OPERATIONS

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

We are highly dependent on the principal members of our senior management, as well as other key clinical and scientific personnel, and other employees and consultants. Competition for qualified employees in the healthcare industry is intense and the pool of qualified candidates is limited. We may not be able to retain the services of our senior management or key clinical and scientific personnel, or attract and retain experienced senior management or key clinical and scientific personnel in the future. If one or more of our senior management or key clinical and scientific personnel are unable or unwilling to continue in their present positions or joins a competitor or forms a competing company, we may not be able to replace them in a timely manner or at all, and our product development progress may be disrupted as a result, which will have a material and adverse effect on our business and results of operations. In addition, we will need to hire additional employees as we expand our commercialization and manufacturing teams. We may not be able to attract and retain qualified employees on acceptable terms. Further, when we hire an employee, it is possible that our competitor may allege that such employment violates the non-compete agreement between such employee and our competitor as his or her former employer. 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. Although we have formal employment agreements with each of our employees, these agreements do not prevent them from terminating their employment with us at any time. The loss of the services of any of these persons could impede the achievement of our research, development and commercialization objectives.

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

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

We are a development-stage medical devices company founded in 2015 with a relatively short operating history. Our operations to date have primarily focused on the research and developments. As of the Latest Practicable Date, we had not yet successfully advanced any approved product or any

pipeline products to commercial sale and had not generated any revenue from product sales. We also have limited experience in commercial-scale manufacturing, sales and marketing of our products, if and when approved. As a result of our limited operating history, and particularly in light of the rapidly evolving nature of our industry, it may be difficult to evaluate our current business and reliably predict our future performance. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If we do not address these risks and difficulties successfully, it could materially adversely affect our business, financial condition, results of operations and prospects. These factors present uncertainties and material risks to our commercial success and may cause potential investors to lose a substantial portion or all of their investment in our business.

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

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

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

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

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

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

To that end, we must be able to manage our development efforts and clinical trials effectively and hire, train and integrate additional management, administrative and sales and marketing personnel. We may not be able to accomplish these tasks, and our failure to accomplish any of them could prevent us from successfully growing our Company.

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

Our business could be impacted by the current pandemic or future continuance or reoccurrence of COVID-19 in certain ways, including but not limited to delay or interruption of the supply of raw materials as well as temporary closure or flexible working hours of competent regulatory authorities, which may delay regulatory submissions and required approvals of our pipeline products, and could cause us to incur additional costs and affect our ability to carry out our operations as planned.

The full effects of the current COVID-19 pandemic or future outbreaks on our business or our industry will depend on a number of factors outside our control, including the extent to which the current pandemic continues to spread, as well as the impact of the COVID-19 pandemic on our employees and the personnel that are necessary to continue our clinical trials and our CROs or SMOs, and such effects could be material. Furthermore, we cannot predict when the COVID-19 outbreak will become completely under control and we cannot guarantee that the COVID-19 outbreak will not worsen. Since late July 2021, there has been a recurrence of the COVID-19 outbreak in several provinces in China. We cannot predict whether the recurrence of the outbreak will worsen and whether the outbreak will continue to recur from time to time. Having considered that the past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China, the COVID-19 outbreak and any other public health crisis in China especially in the cities where we have presence, may result in material disruptions to our operations, which in turn may materially and adversely affect our financial condition and results of operations.

Our acquisitions or strategic partnerships may not be successful and we may face difficulties in integrating acquired operations, which may have material adverse effect on our business, financial condition and results of operation.

From time to time, we may evaluate various acquisitions and strategic partnerships, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. See "Future Plans and Use of Proceeds" for details of our acquisition plan. However, there can be no assurance that we will be able to identify suitable opportunities or to successfully implement our acquisition plan. Even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favorable or acceptable to us, in a timely manner, or at all. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects. In addition, acquisition or strategic partnership may entail inherent risks and uncertainties, including:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent or unforeseen liabilities;

- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products and pipeline products and regulatory approvals; and/or
- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

Furthermore, we may face difficulties in integrating acquired operations as we continue to expand our operations through acquisitions. Our ability to integrate the acquired operations may be affected by a variety of factors, including the complexity and size of the acquired business, differences in corporate cultures, inability to retain the acquired entities' personnel, as well as additional hidden costs associated with the acquisitions. Such difficulties could disrupt our business operations, distract our management or increase our operating expenses, any of which could materially and adversely affect our business, financial condition and results of operations.

Our financial condition and results of operation may be adversely affected by the business operations of our equity-accounted investees, and our investments are subject to liquidity risks.

During the Track Record Period, we carried out a portion of our business through equity-accounted investees, including our two major associates, namely Robocath and Shanghai Targbot, and one joint venture, namely Shanghai Cathbot. The financial performance of our equity-accounted investees will affect our overall results of operation and financial condition. In 2020 and the six months ended June 30, 2021, we recorded share of losses of equity-accounted investees of RMB1.7 million and RMB10.4 million, respectively. See "Financial Information—Discussion of Certain Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income—Share of Losses of Equity-Accounted Investees" for details.

The financial performance of our equity-accounted investees depends on a number of factors, including their financial resources, their willingness and ability to honor their commitments under the relevant agreements, the manner in which they exercise control, veto or other governance rights in respect of the associates and joint venture, and the extent to which they cooperate in operational and strategic decisions. If we become engaged in material disagreements with our partners, our operational and financial results and liquidity may be adversely affected.

In addition, our investments in the associates and joint venture are subject to liquidity risks. Our investments in associates and joint venture are not as liquid as other investment products, as there is no cash flow until dividends are received even if our associates and joint venture reported profits under the equity accounting. Furthermore, our equity-accounted investees are unlisted corporate

entities, whose equity interest does not have a public market. Our ability to sell or transfer our investments in the equity-accounted investees in response to changing economic, financial and investment conditions may be limited. The market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. Our investments in equity-accounted investees do not have quoted market price. When an investment does not have a readily available market price, the fair value of the investment represents the value determined in good faith. Such determination may involve various factors, including the financial performance of the investees, market condition, illiquidity discount, discount rate and others. As a result, when we plan to dispose these investments in the future, valuation of our investments in equity-accounted investees is uncertain and may fluctuate from time to time. We cannot predict whether we will be able to sell any of our interests in the associates and joint venture for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the relevant transaction. Therefore, the illiquidity nature of our investments in associates and joint venture may significantly limit our ability to respond to adverse changes in the performance of our associates and joint venture. In addition, if there is no share of results or dividends from our associates and joint venture, we will also be subjected to liquidity risk and our financial condition or result of operations could be materially affected.

Failure to manage our inventories effectively would materially and adversely affect our financial condition and results of operations.

We recorded inventories of RMB56.3 million as of June 30, 2021. Our inventories mainly consist of raw materials, work in progress and low value consumables. We cannot assure you that our inventories will not be damaged or impaired, as our storage may encounter unforeseeable events, such as fire, floods, earthquakes, power outage, mechanical breakdowns or other calamities. From time to time, we may also have delicate materials and consumables, which are exposed to risks associated with damages from outside environment including temperature fluctuation, wear and tear, and accidental drop or squeeze.

In addition, our inventories are subject to impairment if their net realizable value falls before we sell them. A high inventory level would subject us to significant risk of impairment if there is a significant decrease in the net realizable value of our inventories within a short period of time. Any unexpected change in circumstances, such as a shift in market demand or decline in selling price, could materially and adversely affect the net realizable value of our inventories. In addition, we may be exposed to increased inventory risks due to accumulated excess inventory of our raw materials, work in progress and low value consumables. Some of our inventories have shelf lives ranging from six months to two and half years. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs, which may negatively affect our financial positions. Furthermore, as we will not be able to recoup our cash paid for raw materials and other consumables until we generate operating income, a high inventory level may subject us to significant working capital requirement. As such, failure to manage our inventories effectively may adversely affect our financial condition and results of operations.

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

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, product liability, environmental matters, breach of contract, employment or labor disputes and infringement of intellectual property rights. As of the Latest Practicable Date, we were not involved in any litigation or legal proceedings that may materially affect our research and development of our products, business and results of operations. Ongoing or threatened litigation, legal or contractual disputes, investigations or administrative proceedings may divert our management's attention and consume their time and our other resources. In addition, any similar claims, disputes or legal proceedings involving us or our employees may result in damages or liabilities, as well as legal and other costs and may cause a distraction to our management. Furthermore, any litigation, legal or contractual disputes, investigations or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. If any verdict or award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business projects. In addition, negative publicity arising from litigation, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands and products. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

Our internal IT systems may fail or suffer security breaches.

Despite the implementation of security measures, our internal IT systems are vulnerable to damage from computer viruses and unauthorized access. Although to our knowledge we have not experienced any material system failure or security breach up to the Latest Practicable Date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations.

In the ordinary course of our business, we collect and store sensitive data, including, among other things, legally protected patient health information, personally identifiable information about our employees, intellectual property, and proprietary business information. We manage and maintain our applications and data utilizing on-site systems and outsourced vendors. These applications and data encompass a wide variety of business critical information including R&D information, commercial information and business and financial information. Because information systems, networks and other technologies are critical to many of our operating activities, shutdowns or service disruptions at our Company or vendors that provide information systems, networks, or other services to us pose increasing risks. Such disruptions may be caused by events such as computer hacking, phishing attacks, ransomware, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters (including extreme weather), terrorist attacks or other similar events. Such events could have an adverse impact on us and our business, including loss of data and damage to equipment and data. In addition, system redundancy may be ineffective or inadequate, and our disaster recovery planning may

not be sufficient to cover all eventualities. Significant events could result in a disruption of our operations, damage to our reputation or a loss of revenues. In addition, we may not have adequate insurance coverage to compensate for any losses associated with such events.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We may be subject to penalties for the non-registration of lease agreements in the PRC.

We are subject to a number of laws, regulations and local rules. If we fail to comply with applicable local regulations, we may be subject to penalties by the competent authorities. For example, during the Track Record Period and up to the Latest Practicable Date, seven lease agreements relating to our leased properties had not been filed with the relevant PRC housing administration authorities. For each lease agreement that is not filed with the relevant PRC housing administration authority, we may be subject to an administrative fine up to a maximum of RMB10,000. See "Business—Properties and Facilities" for details. The laws and regulations applicable to our business, whether national, provincial or local, may also change in ways that materially increase the costs of compliance, and any failure to comply could result in significant financial penalties which could have a material adverse effect on our business, financial position and results of operations.

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

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

RISKS RELATING TO DOING BUSINESS IN CHINA

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

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

While the PRC economy has experienced significant growth over the past 40 years, growth has been uneven across different regions and among various economic sectors of China. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are currently applicable to us. In addition, in the past the PRC government implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operation. More generally, if the business environment in China deteriorates from the perspective of domestic or international investment, our business in China may also be adversely affected.

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 and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value. Since 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new and often give the relevant regulator significant discretion in how to enforce them, and because of the limited number of published decisions and the non-binding nature of such decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations.

Restrictions on currency exchange may limit our ability to utilize our revenue effectively.

The Renminbi is not currently a freely convertible currency, as the PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. A substantial majority of our future revenue is expected to be denominated in RMB and we will need to convert Renminbi into foreign currencies for the payment of dividends, if any, to holders of our H Shares. Shortages in availability of foreign currency may then restrict our

ability to remit sufficient foreign currency to our offshore entities for our offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign currency denominated obligations.

Under PRC's current foreign exchange control system, foreign exchange transactions under the current account conducted by us, do not require advance approval from SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Approval from appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Since 2015, in response to China's declining foreign currency reserves, the PRC government has placed increasingly stringent restrictions on the convertibility of the RMB into foreign currencies. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of RMB into or out of the PRC.

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税法) 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 HKSCC Nominees). 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.

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.

Any possible conversion of our Domestic Shares into H Shares in the future could increase the supply of our H Shares in the market and negatively impact the market price of our H Shares.

Subject to the approval of the CSRC, all of our Domestic Shares may be converted into H Shares, and such converted Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the converted Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such stock exchange. However, the PRC Company Law provides that in relation to the public offering of a company, the shares of that company which are issued prior to the public offering shall not be transferred within one year from the date of the listing. Therefore, upon obtaining the requisite approval, shares currently held on our Domestic Share register may be traded, after the conversion, in the form of H Shares on the Stock Exchange after one year of the Global Offering, which could further increase the supply of our H Shares in the market and could negatively impact the market price of our H Shares.

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

We are incorporated under the laws of the PRC, and substantial all of our assets are located in China. In addition, a majority of our Directors, Supervisors and senior management reside within the China, and a significant portion of the assets of them are located in China. Therefore, it may not be possible for investors to effect service of process upon us or those persons inside China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions including the United States, the United Kingdom and Japan. On July 14, 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "Arrangement"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil or commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a

judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing. Although the Arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the Arrangement remain uncertain. As a result, it may be difficult or impossible for investors to effect service of process against our assets or Directors, Supervisors and senior management in China in order to seek recognition and enforcement of foreign judgments in China.

RISKS RELATING TO THE GLOBAL OFFERING

No public market currently exists for our H Shares, and an active trading market for our H Shares may not develop.

No public market currently exists for our H Shares. The initial Offer Price for our H Shares to the public will be the result of negotiations between our Company and the Joint Global Coordinators (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price of the H Shares following the Global Offering. We have applied to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares. A listing on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the H Shares will rise following the Global Offering.

The market price and trading volume of our H Shares may be volatile, which could result in substantial losses for investors who purchase our H Shares in the Global Offering.

The market price and trading volume 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 market price and trading volume at which our H Shares will trade. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. This volatility may also materially and adversely affect the market price of our H Shares.

A future significant increase or perceived significant increase in the supply of our H Shares in public markets could cause the market price of our H Shares to decrease significantly, and/or dilute shareholdings of holders of H Shares.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and 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 pricing and trading of our H Shares, holders of our H Shares are subject to the risk that the price of our H Shares could fall during the period before trading of our H Shares begins.

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

Potential investors will experience immediate and substantial dilution as a result of the Global Offering.

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

The liquidity, trading volume and market price of our H Shares may be affected if we cannot receive the regulatory approval from CSRC with respect to the "full circulation" of our unlisted Domestic Shares.

We are applying to CSRC for approval to convert certain of our unlisted Domestic Shares to H Shares. Such conversion must, in all aspects, comply with the regulations promulgated by the relevant securities regulatory authority in the PRC. We cannot guarantee that we can obtain such approval from CSRC. If we are unable to obtain such approval, the amount of H Shares outstanding at and for a

period of time after the Listing will be less than expected, and thus the liquidity, trading volume and market price of our H Shares may be affected.

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

Certain facts, statistics and data contained in this prospectus 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 underwriters 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 prospectus may be inaccurate or may not be comparable to statistics produced with respect to other economies. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, you should give due consideration as to how much weight or importance they should attach to or place on such facts.

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 HKFRSs. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under HKFRSs. 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 prospectus 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 Global Offering.

There may have been prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and/or media regarding us, our business, our industries and the Global Offering. None of us or any other person involved in the Global Offering has authorized the disclosure of information about the Global Offering 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 Global Offering, 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 prospectus, we disclaim them. Accordingly, you are cautioned to make your investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES AND EXEMPTION FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the Listing, our Group has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the relevant provisions of Companies (Winding Up and Miscellaneous Provisions) Ordinances:

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Our Company has only one executive Director who is not, and for the foreseeable future will not be, ordinarily resident in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules. Our Group's business operations and assets are primarily based outside Hong Kong, and it would be practically difficult and not commercially necessary for us to relocate our executive Director to Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, or to appoint additional executive Directors solely for the purpose of satisfying Rule 8.12 and Rule 19A.15 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules on the basis that the following measures have been adopted by us:

(a) we have appointed two authorized representatives, Mr. Sun Hongbin, our non-executive Director, and Ms. Hui Yin Shan, our company secretary, pursuant to Rule 3.05 of the Listing Rules who will act as our Company's principal channel of communication with the Stock Exchange. Ms. Hui Yin Shan is ordinarily resident in Hong Kong. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the two authorized representatives is authorized to communicate on our behalf with the Stock Exchange;

(b) both our authorized representatives have means to contact all members of our Board (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the members of our Board for any matters. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. All Directors have provided his/her mobile phone numbers, fax numbers and e-mail addresses (where available) to our authorized representatives, in the event that a Director expects to travel, he/she will endeavor to provide the phone number of the place of his/her accommodation to our authorized representatives or maintain an open line of communication via his/her mobile phone and all Directors and authorized representatives have provided his/her mobile numbers, office phone numbers, fax numbers and email addresses (where available) to the Stock Exchange;

(c) we have appointed Somerley Capital Limited as our compliance adviser (the "Compliance Adviser") pursuant to Rule 3A.19 and Rule 19A.05 of the Listing Rules, which has access at all times to our authorized representatives, Directors, senior management and other officers of our Company, and will act as an additional channel of communication with the Stock Exchange in addition to the authorized representatives of our Company; and

(d) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will promptly inform the Stock Exchange of any changes of our authorized representatives and/or the Compliance Adviser.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after the Listing. We have applied for, and the Stock Exchange has granted us, waivers from strict compliance with the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions—(B) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements." See "Connected Transactions" for further information.

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

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

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

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

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

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES AND EXEMPTION FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

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

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

Accordingly, we have applied to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, exempting our company from strict compliance with the requirements of paragraph 27 of part I and paragraph 31 of part II of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that the particulars of the exemption are set forth in this prospectus and this prospectus will be issued on or before October 21, 2021.

The application to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance was made on the following grounds:

(a) our Company is primarily engaged in the design, development and commercialization of surgical robots that are used to assist surgeons to perform surgical procedures, and falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules;

(b) the Accountants' Report for each of the two financial years ended December 31, 2019 and 2020 and the six months ended June 30, 2021 has been prepared and is set out in Appendix I to this prospectus in accordance with Rule 18A.06 of the Listing Rules;

(c) as of the Latest Practicable Date, we had not commercialized any self-developed product and therefore no revenue had been generated. The details of our major activities have been fully disclosed in the section headed "Business" in the prospectus;

(d) notwithstanding that the financial results set out in this prospectus are only for the two years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, other information required to be disclosed under the Listing Rules and requirements under the Companies (Winding up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this prospectus pursuant to the relevant requirements;

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

(f) our Directors and the Joint Sponsors confirm that after performing all due diligence work which they consider appropriate, up to the date of this prospectus, there has been no material adverse change to the financial and trading positions or prospects of our Company since June 30, 2021 (immediately following the date of the latest audited statement of financial position in the Accountants' Report set out in Appendix I to this prospectus) to the date of this prospectus and there has been no event which would materially affect the information shown in the Accountants' Report as set out in Appendix I to this prospectus and the section headed "Financial Information" in this prospectus and other parts of the prospectus; and

(g) our Directors are of the view that the Accountants' Report covering the two years ended December 31, 2019 and 2020 and the six months ended June 30, 2021 included in this prospectus have already provided the potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record of our Company, and our Directors confirm that all information which is necessary for the investing public to make an informed assessment of our Company's business, assets and liabilities, financial position, trading position, management and prospects has been included in this prospectus. Therefore the exemption would not prejudice the interest of the investing public.

DIRECTORS' RESPONSIBILITY STATEMENT

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

CSRC APPROVAL

The CSRC has given us its approval for the listing of our H Shares on the Stock Exchange and the Global Offering on Sunday, September 12, 2021. In granting this approval, the CSRC does not accept responsibility for the financial soundness of our Company, or for the accuracy of any of the statements made or opinions expressed in this prospectus and the Application Forms.

As advised by our PRC Legal Advisors, our Company has obtained all necessary approvals and authorizations in the PRC in relation to the Global Offering and the Listing.

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

This prospectus is published solely in connection with the Hong Kong Public Offering and the Preferential Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 3,620,000 H Shares and the International Offering (including the Preferential Offering) of initially 32,580,000 H Shares (subject, in each case, to adjustment on the basis referred to in "Structure of the Global Offering" in this prospectus and without taking into account the Over-allotment Option).

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

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

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and are

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

If, for any reason, the Offer Price is not agreed among us and the Joint Global Coordinators (on behalf of the Underwriters) on or before Thursday, October 28, 2021, the Global Offering will not proceed and will lapse. For further information about the Underwriters and the underwriting arrangement, see the section headed "Underwriting" in this prospectus.

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

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

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

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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

OVER-ALLOTMENT OPTION AND STABILIZATION

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

RESTRICTIONS ON OFFERS AND SALES OF H SHARES

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

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

authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC.

Prospective applicants for the Offer Shares should consult their financial advisers and seek legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the approval of the listing of, and permission to deal in, (i) the H Shares to be issued pursuant to the Global Offering (including additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (ii) any H Shares to be converted from our Domestic Shares. Our Domestic Shares may be converted to H Shares after obtaining the approval of the CSRC, details of which are set out in "Share Capital—Conversion of our Domestic Shares into H Shares."

Except that we have applied for the Listing to the Stock Exchange, no part of the Share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future. All Offer Shares will be registered on the H Share Registrar in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the Global Offering, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Tuesday, November 2, 2021. The Shares will be traded in board lots of 500 H Shares each. The stock code of the Shares will be 2252.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

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

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

PROFESSIONAL TAX ADVICE RECOMMENDED

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

H SHARE REGISTER AND STAMP DUTY

All of the H Shares issued pursuant to the applications made in the Global Offering will be registered on our H Share register of members to be maintained in Hong Kong by our H Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by us at our head office in the PRC.

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

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed our H Share Registrar, and our H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until such holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Special Regulations and our Articles of Association;

- agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each Shareholder, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

- agrees with us and each of our Shareholders that our H Shares are freely transferable by the H Shares holders thereof; and
- authorizes us to enter into a contract on his/her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

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

EXCHANGE RATE CONVERSION

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

Unless otherwise indicated, (i) the translation between Renminbi and Hong Kong dollars was made at the rate of RMB0.83306 to HK$1.00, the exchange rate prevailing on September 30, 2021 published by the PBOC for foreign exchange transactions, and (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.7850 to US$1.00, being the noon buying rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on September 30, 2021.

ROUNDING

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

LANGUAGE

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

OTHERS

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

DIRECTORS

Name	Residential Address	Nationality
Executive Director		
Dr. He Chao (何超)	Lane 199 Chuangxin West Road Pudong New Area Shanghai PRC	Chinese
Non-executive Directors		
Mr. Sun Hongbin (孫洪斌)	Zizhu Peninsula Lane 333, Dongchuan Road Shanghai PRC	Chinese
Mr. Sun Xin (孫欣)	7 Guanghua Road Chaoyang District Beijing PRC	Chinese
Mr. Chen Chen (陳琛)	6 Gongyuan West Street Dongcheng District Beijing PRC	Chinese
Independent non-executive Directors		
Ms. Lee Kit Ying (李潔英)	Excelsior Court 83 Robinson Road Mid-Levels Hong Kong	Chinese
Dr. Li Minghua (李明華)	Lane 18, Kaibin Road Xuhui District Shanghai PRC	Chinese
Mr. Yao Haisong (姚海嵩)	Lane 675, Gumei Road Shanghai PRC	Chinese

SUPERVISORS

Name	Residential Address	Nationality
Mr. Zhang Jie (張劼)	Lane 2, Lane 1028 Xiuyan Road Pudong New Area Shanghai PRC	Chinese

Name	Residential Address	Nationality
Ms. Zhang Lihong (張麗紅)	Lane 631 Gumei West Road Minhang District Shanghai PRC	Chinese
Mr. Yuan Shuai (袁帥)	Lane 50, One Minchi Road Pujiang Town Minhang District Shanghai PRC	Chinese

For further information regarding our Directors and Supervisors, please see "Directors, Supervisors and Senior Management" of this prospectus.

OTHER PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**J.P. Morgan Securities (Far East) Limited** 28th Floor, Chater House 8 Connaught Road Central Hong Kong **China International Capital Corporation Hong Kong Securities Limited** 29th Floor, One International Finance Centre 1 Harbour View Street Central, Hong Kong
Joint Global Coordinators	**J.P. Morgan Securities (Asia Pacific) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong **China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
Joint Bookrunners	**J.P. Morgan Securities (Asia Pacific) Limited** *(in relation to the Hong Kong Public Offering)* 28/F, Chater House 8 Connaught Road Central Hong Kong

J.P. Morgan Securities plc
(in relation to the International Offering)
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

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

Joint Lead Managers

J.P. Morgan Securities (Asia Pacific) Limited
(in relation to the Hong Kong Public Offering)
28/F, Chater House
8 Connaught Road Central
Hong Kong

J.P. Morgan Securities plc
(in relation to the International Offering)
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

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

Futu Securities International (Hong Kong) Limited

Unit C1-2, 13/F United Centre
No.95 Queensway
Admiralty
Hong Kong

Livermore Holdings Limited
Unit 1214A, 12/F
Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

Legal advisers to our Company	*As to Hong Kong and United States laws:* **Sidley Austin** 39/F, Two International Finance Centre 8 Finance Street Central Hong Kong *As to PRC law:* **Jia Yuan Law Offices** F408 Ocean Plaza 158 Fuxing Men Nei Street Xicheng District Beijing PRC
Legal advisers to the Joint Sponsors and the Underwriters	*As to Hong Kong and United States laws:* **Simpson Thacher & Bartlett** 35/F, ICBC Tower 3 Garden Road Central Hong Kong *As to PRC law:* **JunHe LLP** 26/F, HKRI TaikooHui 288 Shimen Road (No.1) Shanghai PRC
Auditors and reporting accountant	**KPMG** *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Compliance adviser	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong
Industry consultant	**Frost & Sullivan** 2504 Wheelock Square 1717 Nanjing Xi Lu Jing'an District Shanghai PRC

Receiving banks

Bank of China (Hong Kong) Limited
1, Garden Road
Central
Hong Kong

CMB Wing Lung Bank Limited
45 Des Voeux Road Central
Hong Kong

Headquarters in the PRC	Room 101, Area B, Building 1 1601 Zhangdong Road China (Shanghai) Pilot Free Trade Zone Shanghai PRC
Registered office in the PRC	Room 101, Area B, Building 1 1601 Zhangdong Road China (Shanghai) Pilot Free Trade Zone Shanghai PRC
Principal place of business in Hong Kong	Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Company's website address	www.medbotsurgical.com *(information on this website does not form part of this prospectus)*
Company Secretary	Ms. Hui Yin Shan (許燕珊) *(Associate member of HKCGI and CGI UK & Ireland)* Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Authorized representatives	Mr. Sun Hongbin (孫洪斌) Zizhu Peninsula Lane 333, Dongchuan Road Shanghai PRC Ms. Hui Yin Shan (許燕珊) Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Audit committee	Ms. Lee Kit Ying (李潔英) *(Chairperson)* Dr. Li Minghua (李明華) Mr. Sun Xin (孫欣)
Remuneration and Appraisal committee	Dr. Li Minghua (李明華) *(Chairperson)* Mr. Yao Haisong (姚海嵩) Mr. Sun Hongbin (孫洪斌)
Nomination committee	Mr. Yao Haisong (姚海嵩) *(Chairperson)* Ms. Lee Kit Ying (李潔英) Dr. He Chao (何超)

Strategy and development committee	Mr. Sun Hongbin (孫洪斌) *(Chairman)* Dr. He Chao (何超) Dr. Li Minghua (李明華)
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal banks	**China Construction Bank, Shanghai Zhangjiang Branch** 220 Keyuan Road Pudong New District Shanghai PRC **Shanghai Pudong Development Bank, Zhangjiang Innovation Branch** 56 Boyun Road Pudong New District Shanghai PRC

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

OVERVIEW OF SURGICAL ROBOTS

Surgical robots are sophisticated medical devices developed leveraging the advances in minimally invasive surgery, or MIS, and the related foundation technologies. They are used to achieve precise manipulation of surgical instruments in a small surgical field beyond human capabilities. A surgical robot typically comprises a surgeon's console, an operation cart with robotic arms and a vision system. Seated at the surgeon's console, the surgeon views a 3D image of the surgical field transmitted by the laparoscope, placed in the patient's body, and manipulates the movement of the robotic arms, as well as the surgical instruments and the laparoscope attached to those arms. The robotic arms mimic the human arms, providing surgeons with a range of motions analogous to those of a human wrist, while filtering out the tremors inherent in human hands.

The development of surgical robots has successfully overcome many of the limitations of open surgery and conventional MIS. Open surgery, even though common, is usually operated with long incisions and has restricted access to the surgical area, which leads to long recovery time, greater blood loss, higher infection rate and creation of large surgical scars. Conventional MIS, which is operated through small incisions in a patient's body but without robotic assistance, features reduced blood loss and pain, shorter hospital stay and fewer postoperative complications. However, conventional MIS also has disadvantages, most notably compromised natural hand-eye coordination and dexterity. In conventional MIS, surgeons observe the surgical field as they manipulate the laparoscope to probe along. However, the laparoscope it used only provides 2D images, which lacks natural depth of field. In addition, the instrument tip moves in the opposite direction from the surgeon's hand because the instruments are rotated around the surgical incision, and surgeons must adjust their hand-eye coordination to compensate for the direction reversal. Furthermore, most surgical instruments in a conventional MIS only have four degrees of freedom, whereas human wrists and hands have seven degrees of freedom. In addition, physiologic tremors in the surgeon's hand are

readily transmitted through rigid instruments. These limitations make more delicate surgery difficult, or even impossible, through conventional MIS.

Since their initial development, surgical robots have been envisioned to extend the capabilities of surgeons beyond the limits of conventional MIS. The following table summarizes the advantages of robot-assisted surgery in comparison with open surgery and conventional MIS:

Features	Open Surgery	Conventional MIS	Robot-assisted MIS
Visualization	Naked Eyes	2D Visualization	3DHD Visualization
Capability to perform complex surgical procedures			
High consistency in surgical outcome			
Precise operation			
High dexterity			
Tremor-filtered instrument movement			
Small incision and fast recovery			
Less blood loss and fewer postoperative complications			
Reduced surgeon fatigue			
Decreased radiation exposure			

Less advantageous → More advantageous

Specifically, surgical robots provide the following advantages and benefits:

- *Minimized surgical wounds, faster recovery and fewer postoperative complications to patients.* Patients benefit from the minimal invasiveness of robot-assisted MIS. Instead of a large incision in an open surgery, patients typically have one or a few small incisions to allow the insertion of surgical instruments in a robot-assisted MIS. As a result, the surgery can be done with precision and minimal invasiveness. This also significantly reduces blood loss and the risk of postoperative complications, such as infections and adhesions, and facilitates faster recovery for patients.

- *Dexterous robotic arms compatible with highly complex surgeries*. Surgical robots are typically equipped with one or more robotic arms with high degrees of freedom. Through the processing by computer algorithms, robotic arms replicate the movements of the surgeon's hands into corresponding instrumental micromovements inside the body. This allows surgeons to move the surgical instruments smoothly and precisely within a small surgical field, which is required for highly complex surgeries.

- *Precision in surgical operations and consistency in surgical outcome.* Several features of surgical robots contribute to greater precision and consistency in operation:

  - *3DHD visualization*. Different from the 2D visualization in conventional MIS, the 3DHD visualization provided by surgical robots allows a view of the surgical field with natural field of depth. The digital zoom feature also allows surgeons to

magnify their view smoothly, which facilitates accurate tissue identification and tissue layer differentiation.

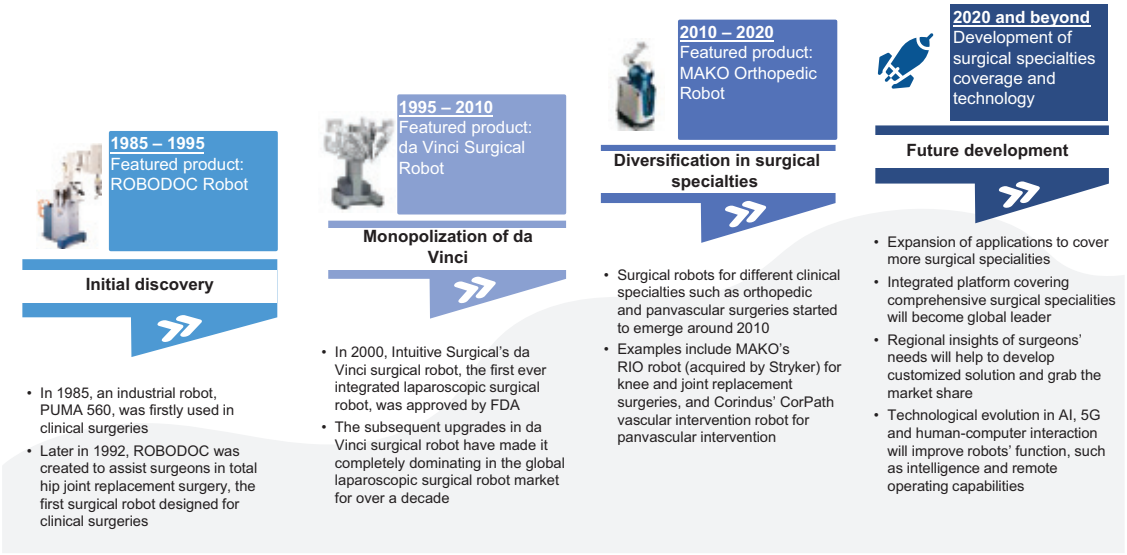
- *Tremor-filtered instrument movement.* Surgical robots filter the tremors inherent in the surgeon's hand automatically through computer algorithms. This eases surgeon's remote control of the surgical instruments and reduces the risk of inadvertent transection of tissues.

- *Reduced surgeon fatigue and flattened learning curve.* Given surgical robots' features of tremor-filtering, 3DHD visualization and high dexterity, surgeons perform surgeries with greater ease and less fatigue. In contrast with conventional MIS, where the hand-eye coordination is compromised, robot-assisted MIS allows surgeon to operate the instruments intuitively. Such features also flatten surgeons' learning curve, making surgical robots user-friendly even to surgeons with limited experience in open surgery or conventional MIS. Surgical robots' ergonomic design also reduces the chance of surgeons' infliction of occupational diseases as a result of long-term discomfort and fatigue.

- *Decreased radiation exposure*. In certain open surgeries and conventional MIS, surgeons must take a series of X-rays to guide the accurate placement of the implants. Surgical robots for such surgeries are usually equipped with optical navigation systems, which can guide the implant placement, and therefore significantly reduce the number of X-rays needed during surgery. This reduces radiation exposure for the surgeon, the patient and other operation room staff.

Developmental History of Surgical Robots

The history of surgical robots began with PUMA 560, a robot created in 1985 to perform neurosurgical biopsy with greater precision. In 2000, the *da Vinci* Surgical System developed by Intuitive Surgical Inc. was approved by the FDA. The system was initially used for prostatectomy, and has been increasingly used for cardiac valve repair and gynecologic surgical procedures. The da Vinci Surgical Systems, after several generations of upgrades, remain the most popular laparoscopic surgical robots in the world. In addition to laparoscopy, surgical robots for other specialties began to emerge rapidly in the 2010s, such as surgical robots for spine, joint replacement and panvascular surgeries. In the future, along with the progress of artificial intelligence, human-computer interactive technology and 5G communication, surgical robots are expected to expand to more surgical specialties and achieve greater operative precision, dexterity and intelligent remote control. Further, surgical robots that cover multiple surgical specialties and are customized for surgeons' needs will be better positioned to capture higher market shares. The following diagram sets forth the major development stages of surgical robots:



Source: Frost & Sullivan analysis

Classification of Surgical Robots

Through decades of development, surgical robots are now mainly used in five major and fast-growing surgical specialties:

- *Laparoscopic surgical robots*. Laparoscopic surgical robots are capable of a wide range of surgeries, such as urologic, gynecologic, thoracic and general surgeries. The laparoscope extends the surgeon's vision into the patient's body, and the robotic arms mimic her hands to hold and direct the laparoscope and surgical instruments.
- *Orthopedic surgical robots.* Orthopedic surgical robots are used to assist orthopedic surgeries, such as joint replacement surgeries and spinal surgeries. Orthopedic surgical robots provide better visualization of the surgical field, less invasiveness to healthy bones and faster recovery.
- *Panvascular surgical robots.* Panvascular surgical robots are used to treat diseases of the vasculature or related organs in the heart, the brain or the peripheral vascular system.

- *Natural orifice surgical robots.* Natural orifice surgical robots refer to robots that deliver surgical instruments to the target anatomy through natural pathways of the human body, and control them for diagnosis or surgery. Such surgical robots may be applied in procedures such as the examination of the lungs, bowel and stomach.
- *Percutaneous surgical robots.* Percutaneous surgical robots are indicated for percutaneous interventional surgery, which is primarily procedures to collect tissue samples for diagnostic purposes, such as the detection of early-stage lung cancer, breast cancer and prostate cancer. In addition, percutaneous surgical robots are also applied in some treatment procedures, such as percutaneous nephrolithotomy, the surgery that removes kidney stones through an incision at the patient's back.

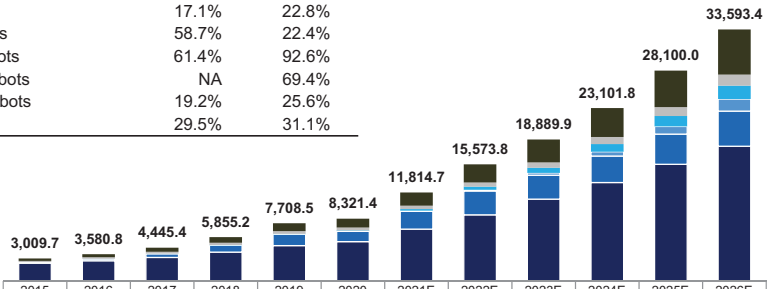
Global Surgical Robot Market

The global surgical robot market has boomed in recent years, growing from US$3.0 billion in 2015 to US$8.3 billion in 2020 at a CAGR of 22.6%, according to Frost & Sullivan. It is expected that the global surgical robot market will remain growing continuously at a high pace and reach US$33.6 billion in 2026 at a CAGR of 26.2% from 2020. The following chart sets forth the historical and forecast growth of the global surgical robot market and the market segments categorized by surgical application:

Historical and Forecast Global Market Size of Surgical Robots, 2015-2026E

CAGR	2015-2020	2020-2026E
Overall market size of surgical robots	22.6%	26.2%
Market size of laparoscopic robots	17.1%	22.8%
Market size of orthopedic surgical robots	58.7%	22.4%
Market size of panvascular surgical robots	61.4%	92.6%
Market size of natural orifice surgical robots	NA	69.4%
Market size of percutaneous surgical robots	19.2%	25.6%
Market size of other surgical robots	29.5%	31.1%

Unit: US$ million
By ex-factory price



	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Overall market size	3,009.7	3,580.8	4,445.4	5,855.2	7,708.5	8,321.4	11,814.7	15,573.8	18,889.9	23,101.8	28,100.0	33,593.4
Market size of other surgical robots	326.3	413.0	543.6	756.6	1,043.9	1,186.4	1,762.8	2,421.3	3,053.0	3,871.2	4,869.4	6,022.0
Market size of percutaneous robots	157.9	195.2	233.9	293.1	366.5	379.5	444.9	555.2	717.0	950.5	1,203.5	1,487.3
Market size of natural orifice robots	-	3.2	7.8	19.3	42.3	75.6	207.5	411.4	684.6	1,021.7	1,376.0	1,785.9
Market size of panvascular robots	2.9	3.0	9.8	11.0	28.0	31.4	67.7	160.7	309.3	571.3	1,023.5	1,605.5
Market size of orthopedic robots	138.3	258.4	505.0	911.0	1,504.6	1,393.8	2,395.5	3,182.2	3,191.3	3,537.2	4,036.7	4,685.4
Market size of laparoscopic robots	2,384.4	2,708.0	3,145.3	3,864.2	4,723.2	5,254.8	6,936.3	8,843.1	10,934.9	13,149.9	15,590.8	18,007.4

Source: Frost & Sullivan analysis

Currently, laparoscopic surgical robots represent the largest market segment for surgical robots. Laparoscopic robots can be applied in a broad range of surgeries, such as urologic, gynecologic, thoracic and general surgeries. Orthopedic surgical robots represent another rapidly growing market segment. In particular, the demand for joint replacement surgical robots, the most prevalent and most complex type of orthopedic surgical robots, is rising steadily driven by the aging population and growing prevalence of arthritis. Other than laparoscopic surgical robots and orthopedic surgical robots, other surgical robots, such as panvascular, natural orifice and percutaneous surgical robots, have also been developed recently and gained increasing popularity.

In terms of regional markets, the United States is currently the largest market for surgical robots globally. In 2020, the U.S. market size for surgical robots was US$4.6 billion, representing 55.1% of the global market, according to Frost & Sullivan. The EU is the second-largest market for surgical

robots, with a market size of US$1.8 billion in 2020, representing 21.4% of the global market. Despite China's large patient population and the large number of conventional MIS that may be performed with surgical robots, China's market size for surgical robots was only US$0.4 billion in 2020, which represents 5.1% of the global market and is significantly under-penetrated compared with the U.S. and EU markets. There are no material differences in the treatment paradigms in the United States and China.

Revenue for the surgical robot business mainly comprises three sources, namely, system, disposables and services. Surgical robot market size data in this prospectus includes all of the three sources. Revenue from system represents the sales of surgical robots. Revenue from disposables represents sales of instruments (such as forceps, scissors and ultrasound scalpels) and accessories (such as sterile drapes), all of which can only be used for a limited number of times. Revenue from services represents revenue from providing maintenance, training and other after-sale services. Revenue from disposables and services is also substantial and is expected to grow steadily along with the increasing installation of new robots. In addition, disposables and services typically enjoy higher profit margins than sales of systems and provide added value for patients and hospitals. For example, revenue from disposables and services, in an aggregate, accounted for 74.7% of the U.S. market for robot-assisted laparoscopic surgery in 2020.

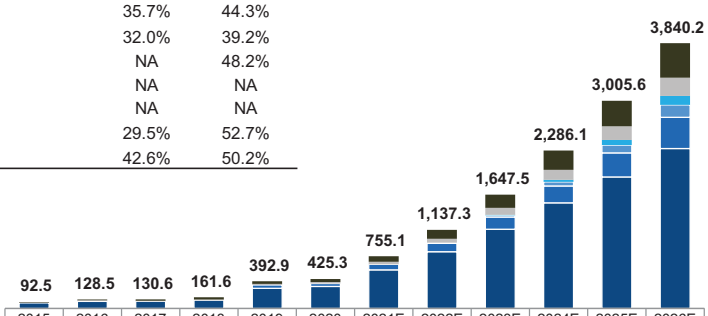
China Surgical Robot Market

The surgical robot market in China is still at an early stage of development but has significant growth potential. In 2020, the market size of the surgical robot market in China was US$425.3 million. It is expected that the surgical robot market will experience rapid growth at a CAGR of 44.3%, reaching US$3,840.2 million in 2026. In 2020, the number of laparoscopic surgeries and joint replacement surgeries performed in China was 9.0 million and 1.0 million, respectively, indicating a large potential patient population if such surgeries are performed with robot assistance. In July 2020, China's National Health Commission released Notice for Adjusting the Allocation of Large-Scale Medical Devices Between 2018 and 2020 (《國家衛生健康委關於調整2018-2020年大型醫用設備配置規劃的通知》), pursuant to which a total of 225 laparoscopic surgical robots were planned to be sold to medical institutions in the PRC between 2018 and 2020. The following chart sets forth the historical and forecast growth of China's surgical robots market:

Historical and Forecast Market Size of Surgical Robots in China, 2015-2026E

CAGR	2015-2020	2020-2026E
Overall market size of surgical robots	35.7%	44.3%
Market size of laparoscopic surgical robots	32.0%	39.2%
Market size of orthopedic surgical robots	NA	48.2%
Market size of panvascular surgical robots	NA	NA
Market size of natural orifice surgical robots	NA	NA
Market size of percutaneous surgical robots	29.5%	52.7%
Market size of other surgical robots	42.6%	50.2%

Unit: US$ million
By ex-factory price



	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Overall market size of surgical robots	92.5	128.5	130.6	161.6	392.9	425.3	755.1	1,137.3	1,647.5	2,286.1	3,005.6	3,840.2
Market size of other surgical robots	7.4	10.5	19.2	31.9	37.9	43.6	80.4	128.8	190.9	279.9	368.3	500.5
Market size of percutaneous robots	5.7	11.4	7.8	10.8	15.1	20.8	36.1	57.3	101.1	144.7	198.4	263.6
Market size of natural orifice robots	-	-	-	-	-	-	-	-	7.3	29.2	75.0	129.1
Market size of panvascular robots	-	-	-	-	-	-	-	4.6	24.4	59.8	112.6	180.4
Market size of orthopedic robots	-	4.1	-	-	47.2	42.5	80.4	125.2	177.0	243.7	348.0	451.3
Market size of laparoscopic robots	79.4	102.5	103.7	118.9	292.7	318.4	558.1	821.4	1,146.7	1,528.9	1,903.3	2,315.3

Source: Frost & Sullivan analysis

LAPAROSCOPIC SURGICAL ROBOT MARKET

Overview of Laparoscopic Surgical Robots

Laparoscopic surgical robots are designed to complete a wide range of complex surgeries with minimal invasiveness. A laparoscopic surgical robot typically comprises a surgeon's console, a patient-side cart and a vision system. The patient-side cart holds the robotic arms with the laparoscope and surgical instruments attached. The laparoscope extends the surgeon's vision into the patient's body, and the robotic arms mimic her hands to hold and direct the laparoscope and surgical instruments.

By enabling operations with greater precision and enhanced safety, the emergence of laparoscopic surgical robots has dramatically transformed the landscape of MIS. Whilst maintaining the benefits of standard laparoscopy, laparoscopic surgical robot provide additional dexterity, a wider range of movement, tremor filtration, 3DHD vision and flexible laparoscope control. These benefits are useful especially when there is a deep and narrow surgical field and when fine tissue dissection is required. Robot-assisted laparoscopic surgery therefore enables surgeons to replicate complex open surgery using a minimally invasive approach, and has the potential to replace open surgery.

Laparoscopic surgical robots are capable for a wide range of surgical procedures, covering urologic, gynecologic, thoracic and general surgeries. In particular, robot-assisted surgery has become the contemporary "gold standard" for many urologic conditions, for example, robot-assisted laparoscopic radical prostatectomy, or RALRP, the removal of the prostate gland to treat prostate cancer. Because prostatectomy is performed in a very narrow and deep surgical field, open prostatectomy or conventional laparoscopic prostatectomy cannot avoid invasiveness to healthy tissues and nerves nearby. Instead, RALRP provides the level of operative precision necessary to minimize such invasiveness, which makes it become the dominant procedure in most modern healthcare systems. There is also abundant evidence indicating RALRP's clear advantages for less intraoperative blood loss, hospital stay-in time and fewer postoperative complications.

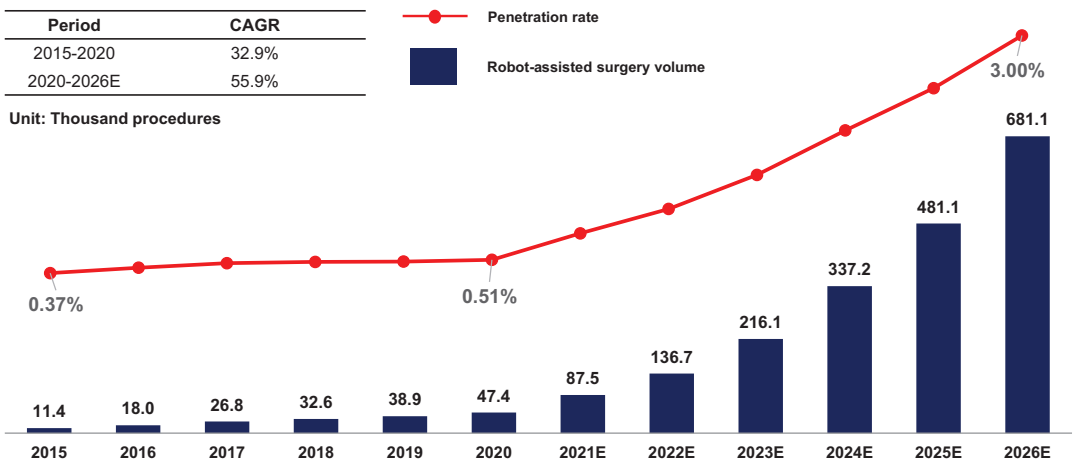
RAS has also been considered a widely accepted procedure for other urologic and gynecologic surgeries, such as cystectomy (removal of bladder), nephrectomy (removal of kidney) and myomectomy (removal of uterine fibroids).

Number of Robot-Assisted Laparoscopic Surgeries and Penetration Rate in the United States and China

The global market for robot-assisted laparoscopic surgery has been growing steadily. According to Frost & Sullivan, the number of robot-assisted laparoscopic surgery in the United States increased from 0.5 million in 2015 to 0.9 million in 2020 at a CAGR of 12.0%, and is expected to further increase to 1.7 million in 2026 at a CAGR of 11.3% from 2020, representing a penetration rate of 13.3% and 23.0% in 2020 and 2026, respectively. Penetration rate is calculated as the number of a type of surgery performed with surgical robots during a certain period divided by the total number of this type of surgery performed during the same period.

Although robot-assisted laparoscopic surgeries were introduced in China later than the United States, they have become increasingly prevalent in China, primarily as a result of the growing preference for its minimal invasiveness and precision in treating diseases such as early-stage prostate cancer. The number of overall laparoscopic surgeries performed in China also increases at a high pace with a CAGR of 24.1% between 2015 and 2020 and an estimated CAGR of 16.1% between 2020 to 2026, which is expected to drive a further growth of the demand for robot-assisted laparoscopic surgeries in China. According to Frost & Sullivan, the number of robot-assisted laparoscopic surgeries performed in China annually increased from approximately 11,445 in 2015 to 47,379 in 2020 at a CAGR of 32.9%, and is expected to further increase to 681,098 in 2026 at a CAGR of 55.9% from 2020, representing a penetration rate of 0.5% and 3.0% in 2020 and 2026, respectively. The number of robot-assisted laparoscopic urologic surgeries performed in China increased from 4,578 in 2015 to 14,898 in 2020 at a CAGR of 26.6%, and is expected to further increase to 182,534 in 2026 at a CAGR of 51.8%. The following chart sets forth the historical and forecast number of robot-assisted laparoscopic surgeries in China:

Historical and Forecast Number of Robot-Assisted Laparoscopic Surgeries in China, 2015-2026E



Source: Frost & Sullivan analysis

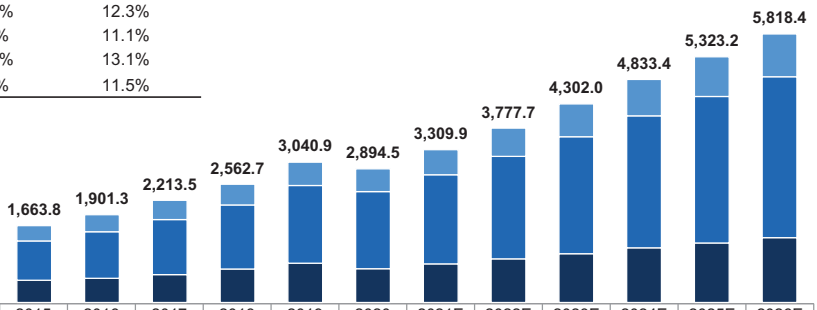
U.S. and China Market Size for Laparoscopic Surgical Robots

According to Frost & Sullivan, the United States is currently the largest market for laparoscopic surgical robots. According to Frost & Sullivan, the market size of robot-assisted laparoscopic surgery increased from US$1.7 billion in 2015 to US$2.9 billion in 2020 at a CAGR of 11.7%, and is expected to further increase to US$5.8 billion in 2026 at a CAGR of 12.3% from 2020. The following chart sets forth the historical and forecast growth of the laparoscopic surgical robot market of the United States:

Historical and Forecast US Market Size of Laparoscopic Surgical Robots, 2015-2026E

CAGR	2015-2020	2020-2026E
Overall	11.7%	12.3%
Services	8.3%	11.1%
Disposables	14.4%	13.1%
Systems	8.8%	11.5%

Unit: US$ million
By ex-factory price



	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Overall market size	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Market size of services	19.9%	19.4%	18.9%	17.5%	16.7%	17.0%	16.4%	16.2%	16.5%	16.3%	16.1%	15.9%
Market size of disposables	51.2%	53.1%	53.9%	54.2%	55.3%	57.7%	58.4%	58.8%	59.0%	59.2%	59.7%	59.9%
Market size of systems	28.9%	27.5%	27.3%	28.3%	28.0%	25.3%	25.3%	25.0%	24.5%	24.5%	24.2%	24.1%

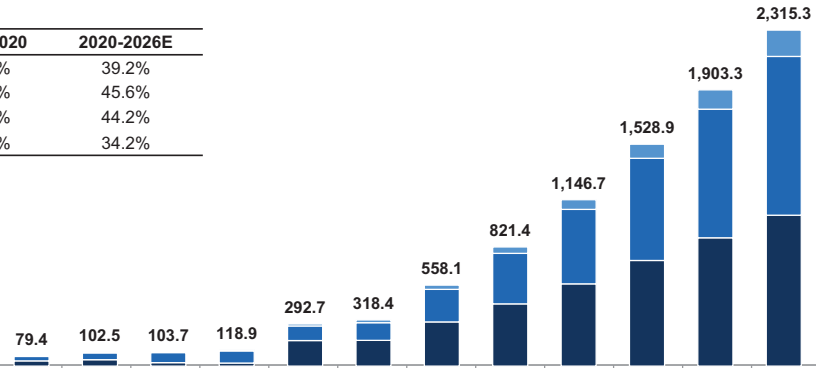
Source: Frost & Sullivan analysis

The China market size for laparoscopic surgical robots was US$318.4 million in 2020, which was much smaller than that of the United States, but is considered a key regional market with the greatest growth potential. It is expected that the China market will experience rapid growth at a CAGR of 39.2%, reaching US$2,315.3 million in 2026. The following chart sets forth the historical and forecast growth of China's laparoscopic surgical robot market:

Historical and Forecast Market Size of Laparoscopic Surgical Robots in China, 2015-2026E

CAGR	2015-2020	2020-2026E
Overall	32.0%	39.2%
Services	30.0%	45.6%
Disposables	29.3%	44.2%
Systems	34.4%	34.2%

Unit: US$ million
By ex-factory price



	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Overall market size	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Market size of services	6.5%	6.5%	7.2%	7.0%	4.8%	6.0%	5.2%	5.5%	5.8%	6.3%	7.0%	7.8%
Market size of disposables	42.4%	48.3%	68.6%	74.2%	34.4%	38.2%	40.1%	42.3%	44.7%	46.1%	46.5%	47.2%
Market size of systems	51.1%	45.2%	24.2%	18.8%	60.8%	55.8%	54.6%	52.2%	49.5%	47.6%	46.5%	44.9%

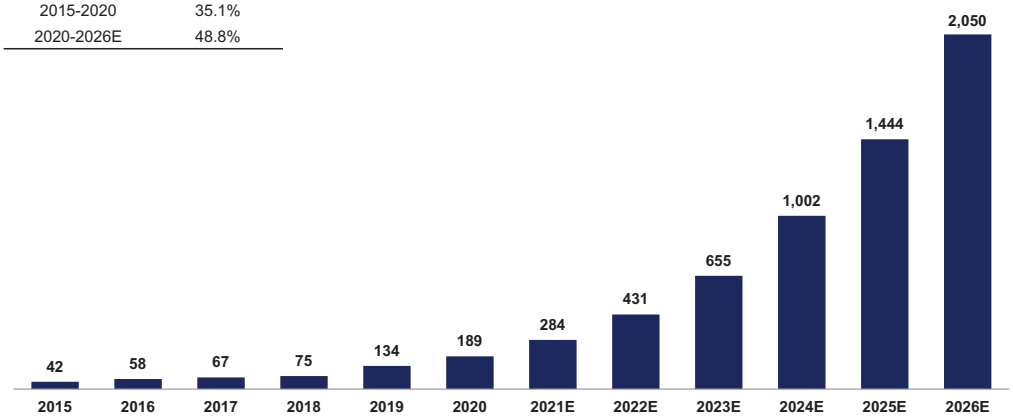
Source: Frost & Sullivan analysis

Number of Laparoscopic Surgical Robots in China

The number of laparoscopic surgical robots in China has also been rising steadily. However, there is still significant demand for robot-assisted laparoscopic surgery in China that is not met with supply. During the three years between 2018 and 2020, the annual average number of surgeries performed by a laparoscopic surgical robot in the United States was 240 whereas the annual average number in China was 299 as a result of the limited availability of surgical robots in China. The discrepancy indicates a vast growth potential for the demand for laparoscopic surgical robots in China, especially considering the increasing prevalence of their use in medical practice. The following chart sets forth historical and forecast cumulative number of laparoscopic surgical robots in China:

Historical and Forecast Cumulative Number of Laparoscopic Surgical Robots in China, 2015-2026E

Period	CAGR
2015-2020	35.1%
2020-2026E	48.8%



Source: Frost & Sullivan analysis

Competitive Landscape

Globally, several laparoscopic surgical robots had been approved and commercialized as of the Latest Practicable Date, including, for example, da Vinci Si and da Vinci Xi (developed by Intuitive Surgical and approved by the FDA in 2009 and 2014, respectively), Senhance (developed by TransEnterix and obtained CE Marking in 2012 and approved by the FDA in 2017), Avatera System (developed by Avatera Medical and obtained CE Marking in 2019) and Versius Surgical Robot (developed by CMR Surgical and obtained CE Marking in 2019). Such products have been approved earlier and are more mature.

Despite the strong demand for robot-assisted laparoscopic surgeries in China, the da Vinci Si and da Vinci Xi surgical systems were the only laparoscopic surgical robots approved by the NMPA as of the Latest Practicable Date and used only in fewer than 10% of all Grade IIIA hospitals in China, according to Frost & Sullivan. As of the Latest Practicable Date, other than *Toumai*, there were only two clinical-stage laparoscopic surgical robots under development in China. Both da Vinci Si/Xi Surgical Systems and *Toumai* are four-arm surgical robots. *Toumai* was the first Chinese-developed four-arm laparoscopic surgical robot that had completed a registrational clinical trial as of the Latest Practicable Date, according to Frost & Sullivan. The fourth arm allows four-arm surgical robots to hold additional surgical instruments necessary for certain most complex surgeries, which makes them more sophisticated technologically and valuable clinically than three-arm surgical robots. *Toumai*, if approved and when commercialized, will primarily compete with the da Vinci Surgical Systems in the China market. *Toumai* and da Vinci Surgical Systems will compete with regard to technical features

(e.g. efficacy and safety), pricing, geographical penetration and quality of services (e.g. training and after-sale services). We expect to adopt a patient-oriented pricing strategy, which will primarily take into account feedbacks we collect from patients and surgeons during trial uses, patients' willingness to adopt robot-assisted surgery, affordability and the pricing of da Vinci Surgical Systems in the relevant regional markets. The following table sets forth the competitive landscape of laparoscopic surgical robots in China. If *Toumai* is approved and commercialized, its competitive advantages against incumbent and potential competitors in China remain uncertain:

Developer	Product	Development Stage	NMPA Green Path	Known Clinical Application in RALRP*
Our Company	*Toumai* (圖邁®)	NMPA registration application submitted	Yes	Yes
Intuitive Surgical	da Vinci Xi System	NMPA approved (2018)	--	Yes
	da Vinci Si System	NMPA approved (2011)	--	Yes
WEGO (威高)	Microhand-S System	Clinical trial patient enrollment completed	Yes	No
Kangduo (康多)	Kangduo System	Clinical trial stage	Yes	No

Source: Frost & Sullivan analysis

* RALRP is the prevalent "gold standard" for prostate cancer care in the developed world. The ability to perform RALRP is an indication of a surgical robot's capabilities. In China, RALRP is a major type of robot-assisted urologic surgery, which is the most applied surgical specialty for the da Vinci surgical systems, the only laparoscopic surgical robots approved by the NMPA to date, according to Frost & Sullivan.

ORTHOPEDIC SURGICAL ROBOTS MARKET

Overview of Orthopedic Surgical Robots

Orthopedic surgical robots are used to assist orthopedic surgery, and are associated with advantages such as precise, custom-made 3D preoperative plan, better visualization of the surgical field, reduced tremors and greater operative precision. The use of orthopedic surgical robots also contributes to less invasiveness to healthy bones and tissues, less blood loss, shorter hospital stays and faster recovery.

Orthopedic surgical robots are mainly applied in three types of surgery, namely, joint replacement surgery, spine surgery and orthopedic trauma surgery. Robot-assisted joint replacement surgery is the most prevalent and most complicated among the three. According to Frost & Sullivan, the global market size for joint replacement surgical robots was US$725.0 million in 2020, which accounted for approximately 52.0% of the global orthopedic surgical robot market.

Joint replacement surgery can be further categorized into total knee arthroplasty (TKA), unicompartmental knee arthroplasty (UKA) and total hip arthroplasty (THA). TKA is a surgery to remove damaged cartilage and bones from the surface of knee joint ("resurfacing") and replace them with artificial implants. UKA is a surgery to perform the resurfacing on part of the knee joint. Among all types of joint replacement RAS, TKA involves the most complicated robotic technology, according to Frost & Sullivan. Surgeons first prepare a preoperative plan based on a 3D virtual bone model generated from CT scans, which further defines the optimal implant to cap the ends of the knee joint

bones after they are resurfaced. The resurfacing is performed under the guidance of the robotic navigation system, which contributes to greater precision and better alignment of the lower limb. The application of surgical robots in TKA minimizes the inaccuracy in bone cutting and implant placement, which further reduces patients' discomfort and extends the longevity of the implants.

Robot-assisted spine surgery is another important application of orthopedic surgical robots. Traditionally, surgeons perform complex spinal surgery by placing screws in spinal bones either freehand or with the assistance of many X-rays taken during the procedure, which may expose the patient and the surgeon to significant amounts of radiation. Besides, there is a small but very significant risk of placing the screws in a wrong or sub-optimal position. In spine RAS, the robot provides a guidance system based on a computerized preoperative plan, which provides a greater degree of accuracy and reducing the risk of screw misplacement.

Number of Robot-Assisted Joint Replacement Surgeries and Penetration Rate in the United States and in China

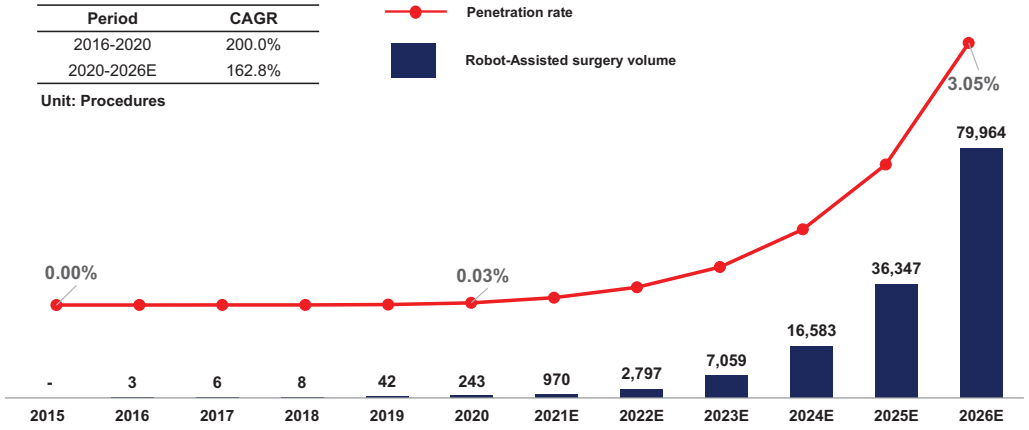
The global market size for joint replacement surgical robots has maintained a rapid growth in recent years, primarily driven by the increasing prevalence of arthritis and the demand for enhanced implant survivorship. Robot-assisted joint replacement surgeries commenced in the United States in the 1990s, and have experienced several generations of upgrades and improvements. The number of robot-assisted joint replacement surgeries in the United States reached 0.1 million in 2020, representing a penetration rate of 7.6%. The number is estimated to reach 0.4 million in 2026 at a CAGR of 22.8% from 2020, representing a penetration rate of 19.4% in 2026.

China's first robot-assisted joint replacement surgery was performed in 2016. Since then, robot-assisted joint replacement surgery has gained increasing attention given its higher accuracy and consistency of implant positioning, resulting in less postoperative pain and faster functional recovery. According to Frost & Sullivan, the number of robot-assisted joint replacement surgeries performed in China annually increased from nil in 2015 to 243 in 2020 and is expected to further increase to 79,964 in 2026 at a CAGR of 162.8% from 2020. The penetration rate of robot-assisted joint replacement surgeries in China was less than 0.1% in 2020, and is estimated to reach 3.1% in 2026. The following chart sets forth the number of historical and forecast robot-assisted joint replacement surgeries in China:

Historical and Forecast Number of Robot-Assisted Joint Replacement Surgeries in China, 2015-2026E

Period	CAGR
2016-2020	200.0%
2020-2026E	162.8%

Unit: Procedures



Source: Frost & Sullivan analysis

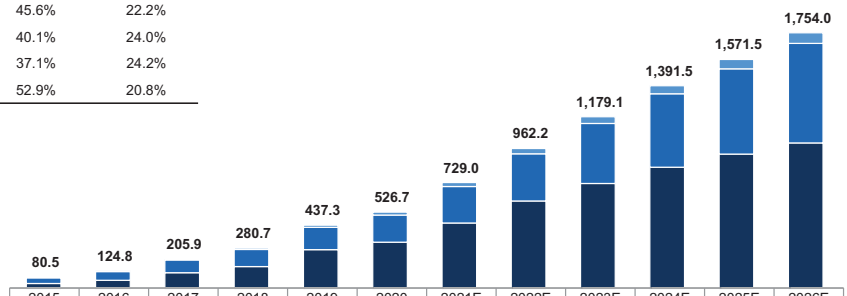
U.S. and China Market Size for Joint Replacement Surgical Robots

The United States is currently the largest market for joint replacement surgical robots, according to Frost & Sullivan. The market size of joint replacement surgical robots of the United States increased from US$80.5 million in 2015 to US$526.7 million in 2020 at a CAGR of 45.6%, and is expected to further increase to US$1,754.0 million in 2026 at a CAGR of 22.2% from 2020. The following chart sets forth the historical and forecast growth of the joint replacement surgical robot market of the United States:

Historical and Forecast US Market Size of Joint Replacement Surgical Robots, 2015-2026E

CAGR	2015-2020	2020-2026E
Overall	45.6%	22.2%
Services	40.1%	24.0%
Disposables	37.1%	24.2%
Systems	52.9%	20.8%

Unit: US$ million
By ex-factory price



	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Overall market size	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Market size of services	4.6%	4.1%	3.2%	3.5%	3.4%	3.8%	3.7%	3.8%	3.9%	4.0%	4.1%	4.1%
Market size of disposables	47.6%	47.5%	42.3%	41.8%	34.8%	35.2%	34.3%	33.6%	34.8%	36.1%	37.1%	38.8%
Market size of systems	47.8%	48.5%	54.5%	54.8%	61.8%	61.0%	62.1%	62.7%	61.3%	59.9%	58.8%	57.0%

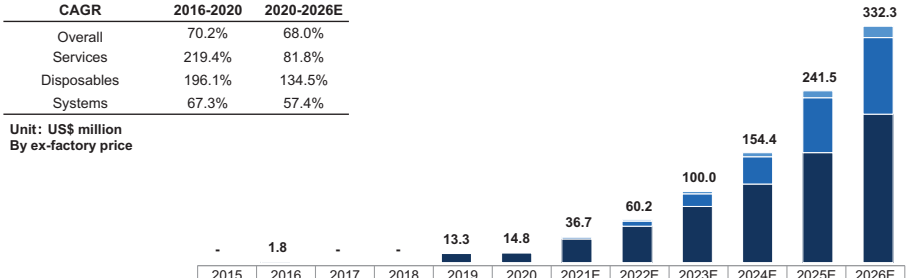
Source: Frost & Sullivan analysis

The market size for joint replacement surgical robots in China was US$14.8 million in 2020, which was relatively small due to their more recent introduction in China. However, robot-assisted joint replacement surgery has soon gained increasing popularity and acceptance and has strong growth potential considering the large number of eligible patients and the low penetration rate. According to Frost & Sullivan, the market size for joint replacement surgical robots in China is expected to reach US$332.3 million in 2026. The following chart sets forth the historical and forecast growth of China's joint replacement surgical robot market:

Historical and Forecast Market Size of Joint Replacement Surgical Robots in China, 2015-2026E

CAGR	2016-2020	2020-2026E
Overall	70.2%	68.0%
Services	219.4%	81.8%
Disposables	196.1%	134.5%
Systems	67.3%	57.4%

Unit: US$ million
By ex-factory price



	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Overall market size	-	100.0%	-	-	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Market size of services	-	0.2%	-	-	1.8%	3.0%	2.7%	3.1%	3.4%	3.7%	4.0%	4.8%
Market size of disposables	-	0.5%	-	-	0.9%	4.4%	6.9%	11.9%	17.8%	24.8%	32.0%	32.4%
Market size of systems	-	99.3%	-	-	97.4%	92.6%	90.4%	85.0%	78.9%	71.5%	64.0%	62.8%

Source: Frost & Sullivan analysis

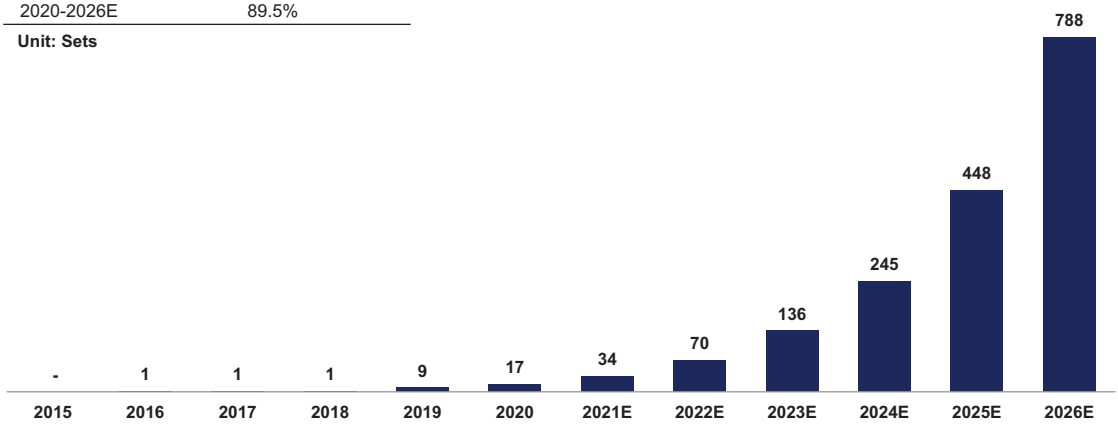
Number of Joint Replacement Surgical Robots in China

After the first joint replacement surgical robot was introduced in China in 2016, joint replacement surgical robots have become gradually known in China. It is expected that the number of joint replacement surgical robots will climb rapidly in the near future. The following chart sets forth historical and forecast cumulative number of joint replacement surgical robots in China:

Historical and Forecast Cumulative Number of Joint Replacement Surgical Robots in China, 2015-2026E

Period	CAGR
2016-2020	103.1%
2020-2026E	89.5%

Unit: Sets



Source: Frost & Sullivan analysis

Competitive Landscape

Despite the growing demand for robot-assisted joint replacement surgery in China, RIO Surgical Robot, developed by MAKO Surgical Corporation (later acquired by Stryker Corporation) was the only joint replacement surgical robots approved by the NMPA as of the Latest Practicable Date. *Honghu* was the only Chinese-developed joint replacement surgical robot with a self-developed robotic arm as of the Latest Practicable Date, according to Frost & Sullivan. The following table sets forth the competitive landscape of joint replacement surgical robots in China:

Developer	Product	Development Stage	NMPA Green Path	Surgical Application
Our Company	*Honghu* (鴻鵠®)	NMPA registration application submitted	Yes	TKA
MAKO (acquired by Stryker)	RIO Surgical Robot	NMPA approved (2014)	-	TKA* and THA
Jointech (键嘉)	ARTHROBOT Surgical Robot	Clinical trial patient enrollment completed	Yes	THA
Yuanhua Tech (元化智能科技)	Gusheng Yuanhua Surgical Robot	Clinical trial patient enrollment completed	-	TKA
HURWA (和華瑞博)	HURWA Surgical Robot	Clinical trial stage	-	TKA

Source: Frost & Sullivan analysis

* MAKO was first approved by the NMPA in 2014 and was recently approved for TKA as an expanded surgical application.

PANVASCULAR SURGICAL ROBOT MARKET

Overview of Panvascular Surgical Robots

Panvascular surgical robots are used to treat diseases of the vasculature or related organs in the heart, the brain or the peripheral vascular system. In a panvascular intervention surgery, the surgeon makes a puncture through the skin of the patient, inserts the needle into a large blood vessel, and then gently guides the catheter, a long and thin tube, into the vessel, which will eventually reach the target area in the heart, the brain or the peripheral vascular system. Various types of instruments can be placed on the tip of the catheter for different purposes, such as implant placement or sample taking.

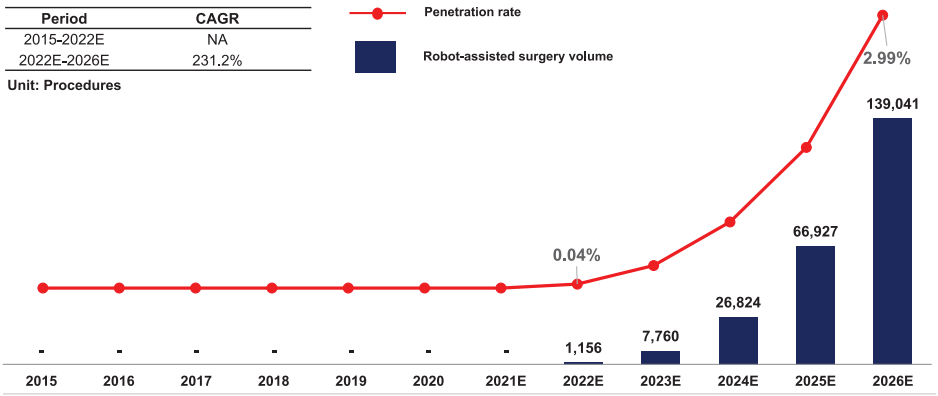
A panvascular surgical robot typically consists of a surgeon's console, a remote catheter manipulator and a steerable guide catheter. The surgeon views the movement of the catheter in the vessel through X-ray scans on the monitor of the surgeon's console, and remotely directs the catheter's movement using the manipulator. A significant advantage of robot-assisted panvascular surgery is that it protects surgeons from excessive X-ray radiation because the surgeon's console can be placed remotely in a room separated from the operation room. Panvascular surgical robots also provides greater visualization, facilitates aortic dissection and enables catheter placement with greater accuracy.

Number of Global Panvascular Surgeries and Number and Penetration Rate of Robot-Assisted Panvascular Surgeries in China

A large number of panvascular surgeries are performed each year globally. According to Frost & Sullivan, the number of panvascular surgeries performed globally increased from 11.3 million in 2015 to 14.3 million in 2020, and is expected to further increase to 22.9 million in 2026 at a CAGR of 8.1% from 2020.

Robot-assisted panvascular surgery is at a relatively early stage of development, but the number is expected to grow rapidly driven by the increasing prevalence of coronary vascular diseases and increasing availability of panvascular surgical robots. In China, according to Frost & Sullivan, the number of robot-assisted panvascular surgeries performed annually increased from is estimated to reach 139,041 in 2026 at a CAGR of 231.2% from 2022, representing a penetration rate of 3.0% in 2026. The following chart sets forth the historical and forecast number and penetration rate of robot-assisted panvascular surgeries in China:

Historical and Forecast Number of Robot-Assisted Panvascular Surgeries in China, 2015-2026E

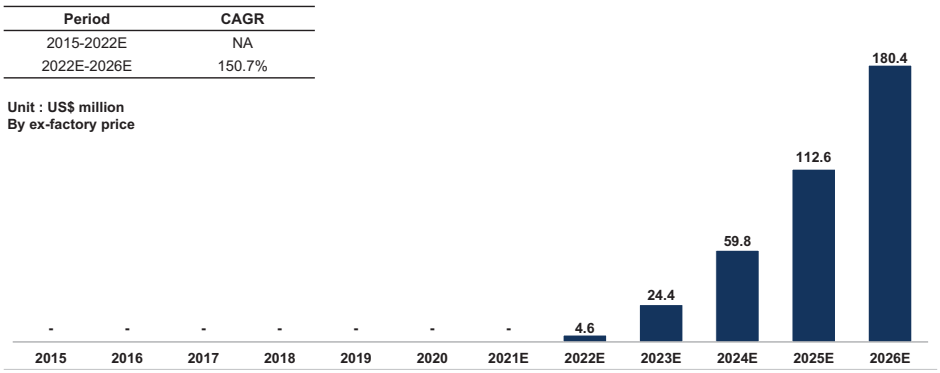


Source: Frost & Sullivan analysis

China Market Size for Panvascular Surgical Robots

According to Frost & Sullivan, the China market size is estimated to rise to US$180.4 million in 2026. The following chart sets forth the historical and forecast growth of the panvascular surgical robots market in China:

Historical and Forecast Market Size of Panvascular Surgical Robots in China, 2015-2026E

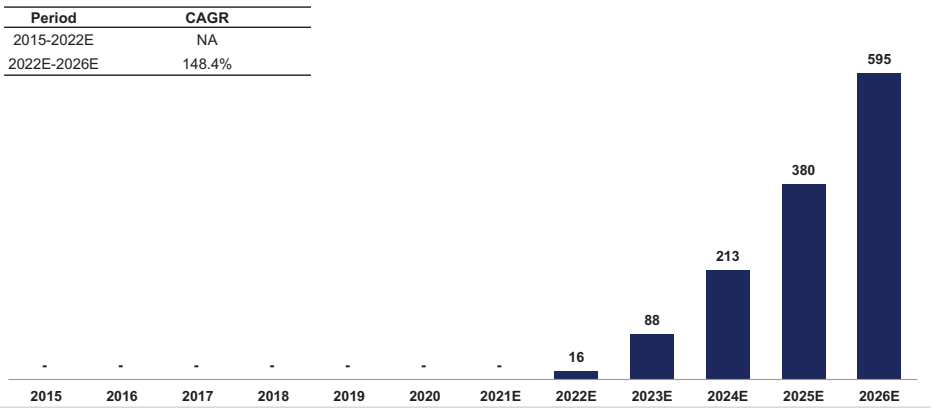


Source: Frost & Sullivan analysis

Number of Panvascular Surgical Robots in China

Along with the increasing penetration of robot-assisted panvascular surgery, the number of newly installed panvascular surgical robots is expected to increase steadily in the future. The following chart sets forth the number and forecast of newly installed panvascular surgical robots in China:

Historical and Forecast Number of Newly Installed Panvascular Surgical Robots in China, 2015-2026E



Source: Frost & Sullivan analysis

Competitive Landscape

In China, as of the Latest Practicable Date, there were no NMPA approved panvascular surgical robots, and there were only four major panvascular surgical robots under development, including *R-One* developed by Robocath, our joint venture partner, and three robots developed by Siemens, Aopeng (奧朋) and Abrobo (愛博醫療). Globally, there were only four panvascular surgical robots

approved by the FDA or obtained CE marking as of the Latest Practicable Date, including *R-One*, CorPath 200 and CorPath GRX developed by Siemens, and Genesis RMN system developed by Stereotaxis.

NATURAL ORIFICE SURGICAL ROBOT MARKET

Overview of Natural Orifice Surgical Robots

Natural orifice surgical robots refer to robots that deliver surgical instruments to the target anatomy through natural pathways of the human body and control them for diagnosis or surgery. Natural orifice surgical robots are applied in natural orifice transluminal laparoscopic surgeries, such as bronchoscopy (examination of the lungs), colonoscopy (examination of the bowel) and gastroscopy (examination of the stomach). The natural orifice surgical robots provide clearer visualization of the target field and enable surgeons to manipulate the instruments with greater dexterity.

Number of Global Natural Orifice Surgeries and Number and Penetration Rate of Robot-Assisted Natural Orifice Surgeries in China

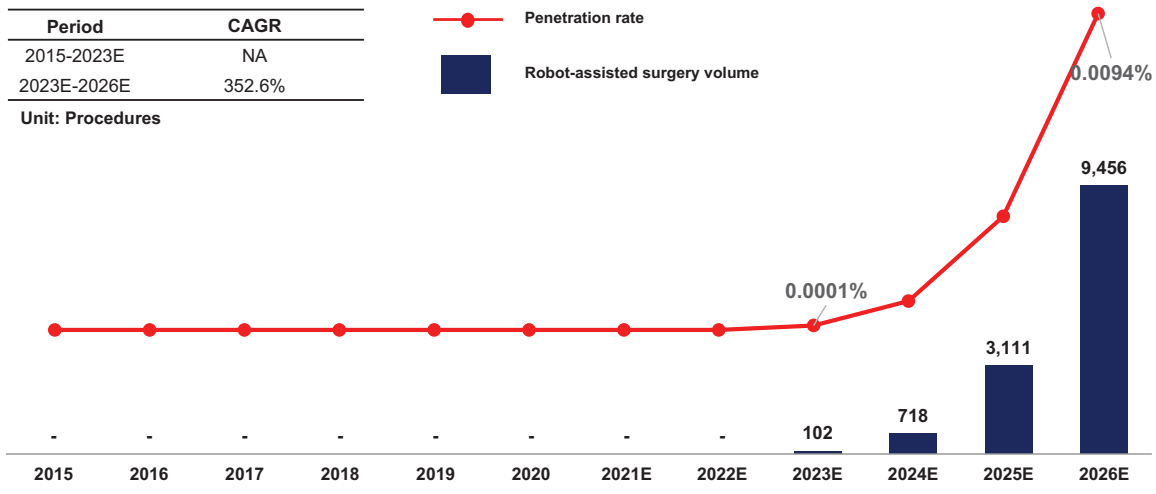
Natural orifice surgeries are widely performed around the world. According to Frost & Sullivan, the number of natural orifice surgeries performed globally increased from 211.3 million in 2015 to 286.5 million in 2020, and is expected to further increase to 467.3 million in 2026 at a CAGR of 8.5% from 2020.

Robot assistance has recently been introduced in natural orifice surgeries for better visualization and greater operative precision. In China, according to Frost & Sullivan, the number of robot-assisted natural orifice surgeries is estimated to reach 9,456 in 2026 at a CAGR of 352.6% from 2023, representing a penetration rate of 0.01% in 2026. The following chart sets forth the historical and forecast number and penetration rate of robot-assisted natural orifice surgeries in China:

Historical and Forecast Number of Robot-Assisted Natural Orifice Surgeries in China, 2015-2026E

Period	CAGR
2015-2023E	NA
2023E-2026E	352.6%

Unit: Procedures



Source: Frost & Sullivan analysis

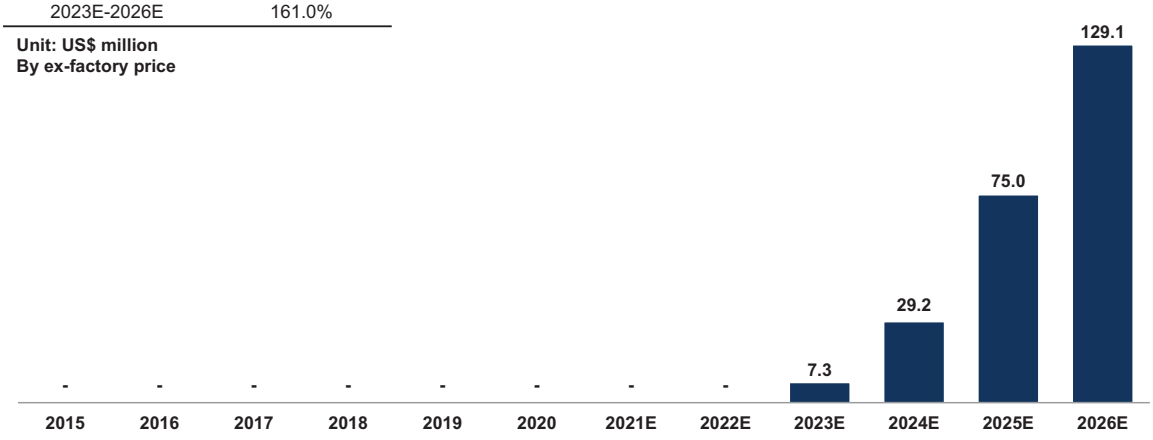
China Market Size for Natural Orifice Surgical Robots

According to Frost & Sullivan, the China market size for natural orifice surgical robots is estimated to rise to US$129.1 million in 2026, representing a CAGR of 161.0% from 2023. The following chart sets forth the historical and forecast growth of the natural orifice surgical robots market in China:

Historical and Forecast Market Size of Natural Orifice Surgical Robots in China, 2015-2026E

Period	CAGR
2015-2023E	NA
2023E-2026E	161.0%

Unit: US$ million
By ex-factory price



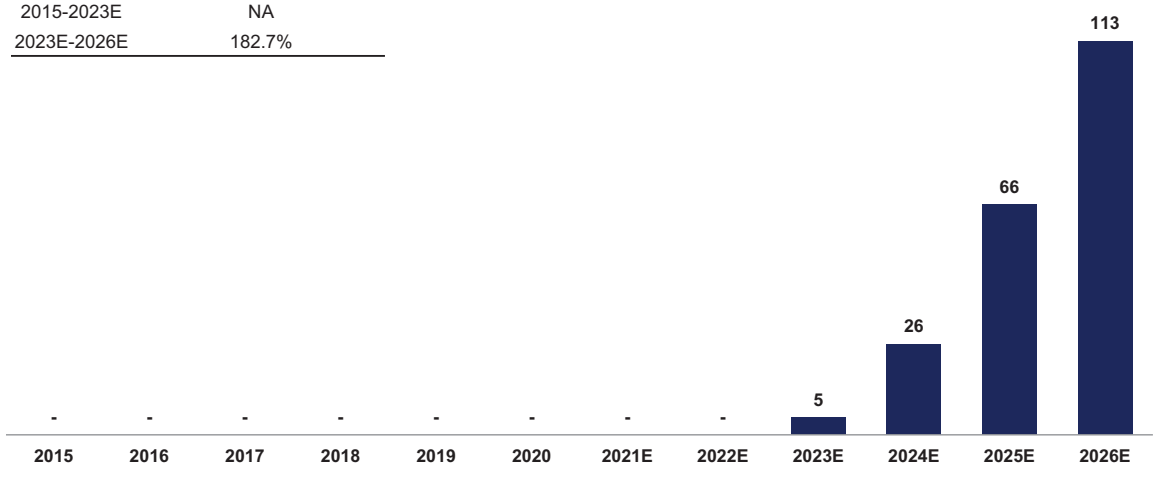
Source: Frost & Sullivan analysis

Number of Natural Orifice Surgical Robots in China

Natural orifice surgical robots are expected to enter the China market in the near future and their number may increase steadily thereafter, according to Frost & Sullivan. The following chart sets forth historical and forecast number of newly installed natural orifice surgical robots in China:

Historical and Forecast Number of Newly Installed Natural Orifice Surgical Robots in China, 2015-2026E

Period	CAGR
2015-2023E	NA
2023E-2026E	182.7%



Source: Frost & Sullivan analysis

Competitive Landscape

As of the Latest Practicable Date, there were no NMPA-approved natural orifice surgical robots in China. Globally, there were only three FDA approved natural orifice surgical robots, namely, Ion bronchial robotics developed by Intuitive Surgical, Monarch bronchial robotics developed by Johnson & Johnson and Flex digestive robotics developed by MedRobotics.

PERCUTANEOUS SURGICAL ROBOT MARKET

Overview of Percutaneous Surgical Robots

Percutaneous surgical robots are indicated for percutaneous surgeries, which are primarily procedures to collect tissue samples for diagnostic purposes, such as the detection of early-stage lung cancer, breast cancer and prostate cancer. During a biopsy procedure, a tissue sample is removed from a suspect target anatomy for further pathological examination. Traditional biopsy relies on manual insertion of the needle by the radiologist, while the robot-assisted approach provides higher stiffness and precision by a more stabilized robotic manipulator compared to human hands. It makes the retraction of the needle, together with the tissue sample, more accurate. Imaging techniques such as magnetic resonance (MRI), ultrasound and CT are applied to locate the target anatomy and to guide the needle to reach the target anatomy using image feedback.

Percutaneous surgical robots are also capable of certain treatment procedures, such as nephrolithotomy, the removal of kidney stones. The needle is inserted through a small incision at the patient's back and removes the kidney stones.

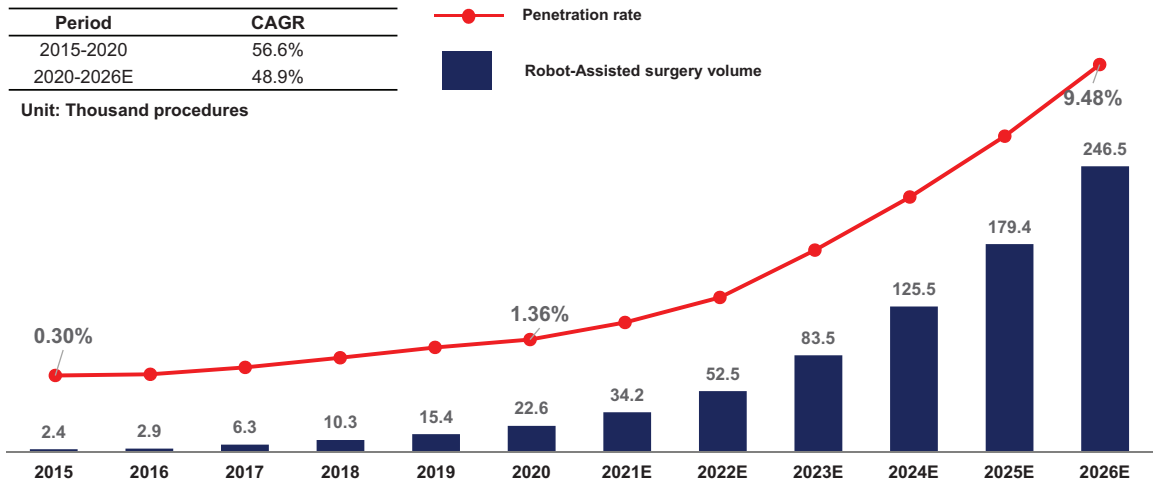
Number of Global Percutaneous Surgeries and Number and Penetration Rate of Robot-Assisted Percutaneous Surgeries in China

As commonly performed diagnostic and treatment procedures, percutaneous surgeries are prevalent around the world and is estimated to experience steady growth in the coming years. According to Frost & Sullivan, the number of percutaneous surgeries performed globally increased from 5.7 million in 2015 to 8.3 million in 2020, and is expected to further increase to 12.1 million in 2026 at a CAGR of 6.6% from 2020.

Given the advances in robot-assistance technology and the expected increasing availability of percutaneous surgical robots in China, Frost & Sullivan estimates that the number of robot-assisted percutaneous surgeries in China is estimated to reach 246,501 in 2026 at a CAGR of 48.9% from 2020, representing a penetration rate of 9.5% in 2026. The following chart sets forth the historical and forecast number and penetration rate of robot-assisted percutaneous surgeries in China:

Historical and Forecast Number of Robot-Assisted Percutaneous Surgeries in China, 2015-2026E

Period	CAGR
2015-2020	56.6%
2020-2026E	48.9%



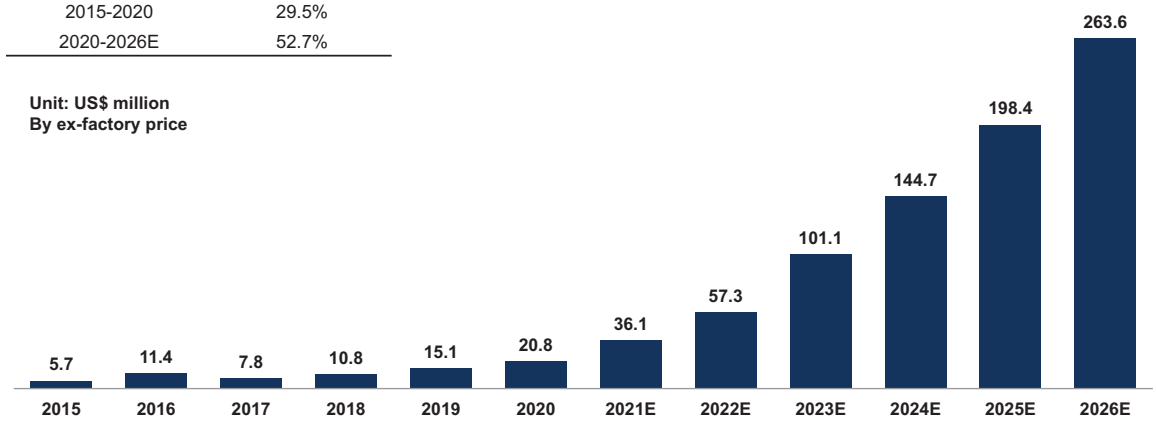
Source: Frost & Sullivan analysis

China Market Size for Percutaneous Surgical Robots

According to Frost & Sullivan, the China market size for percutaneous surgical robots is estimated to rise to US$263.6 million in 2026, representing a CAGR of 52.7% from 2020. The following chart sets forth the historical and forecast growth of the percutaneous surgical robots market in China:

Historical and Forecast Market Size of Percutaneous Surgical Robots in China, 2015-2026E

Period	CAGR
2015-2020	29.5%
2020-2026E	52.7%



Source: Frost & Sullivan analysis

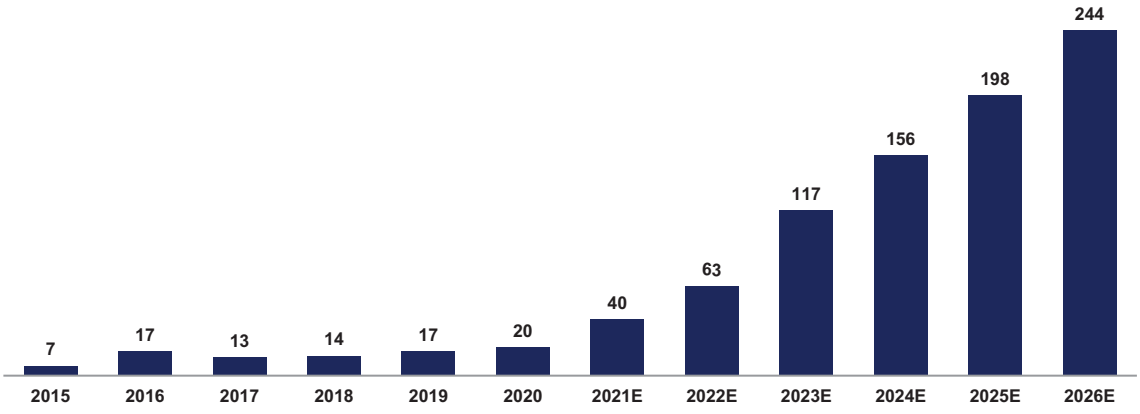
Number of Percutaneous Surgical Robots in China

Currently, there are three major NMPA-approved percutaneous surgical robots in China, and the number of newly installed percutaneous surgical robots is expected to continuously grow given the

ongoing development and commercialization of percutaneous surgical robots. The following chart sets forth historical and forecast number of newly installed percutaneous surgical robots in China:

Historical and Forecast Number of Newly Installed Percutaneous Surgical Robots in China, 2015-2026E

Period	CAGR
2015-2020	23.4%
2020-2026E	51.7%



Source: Frost & Sullivan analysis

Competitive Landscape

As of the Latest Practicable Date, Robio EX and MAXIO V2 developed by Perfint Healthcare and ig4 developed by Veran were the major NMPA-approved percutaneous surgical robots in China. Globally, the iSR'obot™ Mona Lisa Robotic Transperineal Prostate Biopsy System ("*Mona Lisa*") developed by Biobot and the Automated Needle Targeting Robotic Systems ("*ANT*") developed by NDR and several other robots developed by Perfint Healthcare, iSYS Medizintechnik GmbH and XACT Robotics were approved for marketing in the EU and/or the United States. *Mona Lisa* and *ANT* are included in our portfolio through collaboration with their developers.

GROWTH DRIVERS AND FUTURE DEVELOPMENT TRENDS OF CHINA'S SURGICAL ROBOT INDUSTRY

We believe the rapid growth of China's surgical robot industry has been and will continue to be driven by the following factors:

- *Increased demand for surgery with minimal invasiveness.* With advances in diagnostic technology and increase in per capita disposable income, patients are increasingly willing to seek treatments causing minimal invasiveness. As a result, the need for RAS has been growing continuously, as such surgery provides patients with various benefits, such as faster recovery, less blood loss and pain and lower risk of complications. In addition, surgical robots have functions such as tremor filtering, 3DHD visualization and navigations, which ease surgeons' operation and facilitate the growth of surgical robots' popularity among surgeons.

- *Increased penetration to lower-level hospitals.* The growing demand for greater operative precision and consistency is expected to facilitate the penetration of RAS. Currently, RAS are mostly performed in the largest hospitals in first-tier cities in China, primarily due to

the limited availability of surgical robots and the relatively high cost for RAS. Currently, very few (less than 10% of all Grade IIIA hospitals in China, according to Frost & Sullivan) hospitals in China have adopted a laparoscopic robotic surgical system. Along with the greater availability of surgical robots, RAS is expected to expand from largest hospitals of first-tier cities to lower-level hospitals of first-tier cities, and even second- and third-tier cities.

- *Favorable governmental policies and support.* In response to the increasing demand for robot-assisted surgeries, the Chinese government has implemented several policies facilitating further growth of the surgical robot industry. For example, in August 2019, the NMPA issued a notice on furthering the reform to the medical device registration system to facilitate innovations in medical device development. The PRC Ministry of Science and Technology also launched a national "863 Program" to support the development of surgical robots, which provide funding to research on surgical robots and relevant foundation technologies. According to the 14th Five-year Development Plan for Medical Device Industry promulgated by the Ministry of Industry and Information Technology in February 2021, local governments are encouraged to include robot-assisted surgeries in the surgeries eligible for medical insurance reimbursement. In April 2021, certain robot-assisted laparoscopic surgeries (namely, partial nephrectomy, radical prostatectomy, total hysterectomy and radical resection for colorectal cancer) were included in the surgeries eligible for medical insurance reimbursement in Shanghai, for which 80% of the medical expenses can be reimbursed, and reimbursement coverage may be expanded in the future according to patients' demand and the medical insurance fund's capital sufficiency. Such favorable governmental support is expected to continue going forward.

It is expected that China's surgical robot industry will see the following trends in future development:

- *Diversification of surgery types.* With the development of surgical robots indicated for various medical areas, as well as the progress of surgeons' training and patients' acceptance, surgeries performed with surgical robots will be increasingly diversified. For example, a greater number of panvascular, natural orifice and percutaneous surgical robots are expected to be developed and commercialized in the near future.

- *Focus on foundation technologies and capability in providing customized solutions.* We expect that surgical robot developers that possess strong foundation technologies, such as robotic mechanics, control algorithms, electric engineering, vision navigation and visualization, and that can promptly tailor robotic products according to the needs of different types of surgical procedures, will take leading positions in the market. The ability to understand customers' needs and provide customized solutions is crucial for shortening the product upgrading cycle, further expanding the coverage of product portfolio, and creating synergy among robotic products of various specialties.

- *Advances in technology infrastructure.* Surgical robot technology will develop along with the advances in technology infrastructure, such as 5G communication, big data and artificial intelligence. These foundation technologies enable surgical robots to achieve greater precision while operated under surgeons' remote control, and to have higher intelligence in apprehending and enforcing surgeons' instructions.

- *Diversification in revenue source and creation of whole-value-chain synergy.* Given that China's surgical robot industry is still at a relatively early stage of development, the majority of revenue is derived from the sales of new robots. However, the value chain for the surgical robot industry also includes other critical components, such as sales of disposables and provision of services. These components typically enjoy higher profit margins than sales of robots and provide added value for patients and hospitals. It is expected that the proportion of revenue generated from disposables and services to climb steadily, and surgical robot developers are likely to increase their efforts and investments in these areas.

SOURCE OF INFORMATION

In connection with the Global Offering, we commissioned Frost & Sullivan, an Independent Third Party, to prepare a report on the global and China markets of surgical robots. We have agreed to pay a total of RMB1.0 million in fees for the preparation of the Frost & Sullivan Report. Frost & Sullivan is a market research and consulting company founded in 1961 that provides market research on a variety of industries including healthcare.

In preparing the report, Frost & Sullivan conducted primary and secondary research to collect data and deliver conclusions. In detail, Frost & Sullivan collected and reviewed publicly available data such as government-derived information, annual reports and industry association statistics, as well as market data collected by conducting interviews with key industry experts and leading industry participants. Primary research includes in-depth, telephone and face-to-face discussion with key industry experts and leading industry participants. Secondary research includes (i) information derived from government agencies, such as National Health and Family Planning Commission, FDA and NMPA, (ii) Frost & Sullivan in-house research, (iii) industry reports, (iv) industry literature and (v) annual reports of listed companies.

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

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

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

This section provides an overview of the major laws, rules and regulations relating to our business in the PRC.

PRINCIPAL REGULATORY AUTHORITIES

The principal regulatory authorities governing the medical device industry in the PRC include National Medical Products Administration ("NMPA"), National Development and Reform Commission ("NDRC") and National Health Commission ("NHC").

NMPA

NMPA is mainly responsible for the supervision and management of the safety of medical device, registration management, quality management, post-marketing risk management, supervision and inspection, and international exchanges and cooperation with respect to supervision and management. In March 2018, the Plan for Institutional Reform of State Council adopted at the First Session of the 13th National People's Congress decided to replace the China Food and Drug Administration ("CFDA") with NMPA to assume the duties of the former CFDA.

NDRC

NDRC is mainly responsible for the implementation of industrial policies for the pharmaceutical industry, studying and formulating development plans for the medical device industry, guiding the adjustment of industrial structure and the implementation of industrial management.

NHC

NHC is mainly responsible for formulating and supervising the implementation of measures for administration of medical institutions and the medical service industry, and establishing the medical service evaluation and supervision management system.

POLICIES TO ENCOURAGE THE DEVELOPMENT AND INNOVATION OF HIGH-END MEDICAL DEVICES SUCH AS SURGICAL ROBOTS

Certain laws, regulations and policies have been enacted in the PRC to encourage the development and innovation of high-end medical devices such as surgical robots.

On May 8, 2015, the State Council issued the Notice of the State Council on the Issuing the "Made in China (2025)"（《國務院關於印發<中國製造2025>的通知》）, encouraging the development of strategic priorities such as the new generation of information technology, high-end equipment, new materials and bio-medicine, guiding the accumulation and gathering of all kinds of social resources, and promoting the rapid development of competitive and strategic industries. In the field of high-performance medical devices, priorities are given to the development of high-performance diagnostic and treatment equipment such as imaging equipment and medical robots, high-value medical consumables such as fully degradable vascular stents, and mobile medical products such as wearable and remote diagnosis and treatment.

On March 4, 2016, the General Office of the State Council issued the Guiding Opinions on Promoting the Sound Development of the Medical Industry （《關於促進醫藥產業健康發展的指導意見》）, encouraging domestic medical device enterprises to strengthen technological innovation and

improve core competitiveness, and clearly putting forward the plan to develop high-end medical devices such as medical robots, realize import substitution, and accelerate the transformation and upgrading of medical devices.

On December 27, 2016, the State Council issued the Notice of the State Council on the Issuance of the Plan for Deepening the Reform of the Medical and Health System During the 13th Five-Year Plan Period （《國務院關於印發"十三五"深化醫藥衛生體制改革規劃的通知》）, proposing to promote enterprises to improve their innovation and research and development capabilities through market force and industrial policy guidance, in order to promote excellence and strength, increase industrial concentration, improve the quality of medicines and medical devices to international advanced level, and create domestic standards and brands. In addition, it is required to enhance medical device innovation and implement strict standards on the approval of medical devices.

On January 25, 2017, the NDRC, together with other relevant authorities, issued the Guiding Catalog of Key Products and Services in Strategic Emerging Industries (2016 version) （《戰略性新興產業重點產品和服務指導目錄》）, which clearly identified intraoperative positioning, intraoperative imaging, intraoperative monitoring, image navigation devices and the relevant information systems; digital and integrated hybrid operating room equipment and its information system, such as surgical, interventional, surgical and minimally invasive treatments; surgical auxiliary robots such as abdominal, thoracic, urology, orthopedics and interventional and their ancillary minimally invasive surgical instruments as the key products in strategic emerging industries.

On May 26, 2017, the General Office of the Ministry of Science and Technology issued the Notice of the General Office of the Ministry of Science and Technology on Printing and Distributing the "13th Five-Year Plan for Medical Device Technology Innovation"（《科技部辦公廳關於印發<"十三五"醫療器械科技創新專項規劃>的通知》）, proposing to improve the independent innovation capability of medical devices in China and strengthen the application demonstration and promotion of domestic innovative medical devices, which is an important support for the establishment of an efficient, hierarchical, collaborative, homogeneous and accessible medical and health service system, improvement of medical and health service level and transformation of health service model. The guiding principle of the plan is to drive breakthroughs in core technologies and strengthen the research and development of major products, focusing on localization, high-end, branding and internationalization and based on the clinical and health needs, and to integrate the development of innovation chain, industrial chain and service chain, and strengthen the combination of medical research and commercialization by promoting demonstration and expansion, in order to improve the core competitiveness of domestic medical devices, and promote the leapfrog development of medical device technology industry.

In 2017, the NDRC issued the "Three-Year Action Plan for Enhancing the Core Competitiveness of Manufacturing Industry (2018-2020)"（《增強製造業核心競爭力三年行動計劃（2018-2020年）》）, proposing to accelerate the development of advanced manufacturing industry, support and promote the industrialization of key technologies for high-end medical devices and drugs. In particular, in the field of medical devices, there are four categories and 27 sub-categories of medical devices industrialization projects with key support. Surgical robots are a kind of high-end treatment equipment with key support.

On December 13, 2017, the General Office of the NDRC issued the "Implementation Plan for the Industrialization of Key Technology of High-end Medical Devices and Drugs (2018-2020)"（《高端醫療器械和藥品關鍵技術產業化實施方案（2018-2020年）》）, proposing to focus on high-end medical devices with large usage, wide application and high technical content. In the field of treatment equipment, the NDRC encouraged the industrialization of innovative equipment such as laparoscope surgical robot and neurosurgical robot, and promoted the upgrading and quality performance improvement of products such as orthopedic surgical robot.

On December 13, 2017, the Ministry of Industry and Information Technology issued the "Three-Year Action Plan to Promote the Development of the New Generation of AI Industry (2018-2020)"（《促進新一代人工智能產業發展三年行動計劃（2018-2020）》）, proposing to accelerate the development of the AI industry and promote the deep integration of AI and the real economy. This document supports the cultivation of intelligent products including intelligent service robots, focuses on the development of key technologies such as 3D imaging positioning, intelligent precision and safety control, human-machine collaboration interface, supports the research and development of surgical robot operating system, and promotes the application of surgical robot in clinical medical treatment.

On November 10, 2019, 15 departments including the NDRC and the Ministry of Industry and Information Technology issued the Implementation Opinions on Promoting the In-depth Integrated Development of Advanced Manufacturing and Modern Service Industry（《關於推動先進製造業和現代服務業深度融合發展的實施意見》）, proposing to promote the innovation and integration of key areas of consumer services and manufacturing industry, and focus on the development of high-end medical devices such as surgical robots, medical imaging, remote diagnosis and treatment, so as to gradually realize intelligent equipment and intelligent life.

On March 11, 2021, the National People's Congress approved the "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Vision for 2035"（《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》）, proposing to promote the reform of centralized and large-scale procurement and use of drugs and consumables organized by the State and develop high-end medical devices. The State Council will improve the fast-track review and approval mechanism for innovative drugs, vaccines, medical devices and other drugs, accelerate the review and approval of drugs and medical devices for urgent clinical needs and treatment of rare diseases, and promote the launch of new drugs and medical devices that have been launched overseas in urgent clinical needs as soon as possible.

MAJOR REGULATORY LAWS AND REGULATIONS

Our operations in the PRC are subject to a large number of laws and regulations and extensive government supervision relating to the research and development, registration, production, sales, labor, intellectual property and taxation of medical devices.

LAWS AND REGULATIONS RELATING TO MEDICAL DEVICES

Regulations and Classification of Medical Devices

Pursuant to the Regulations on the Supervision and Administration of Medical Devices（《醫療器械監督管理條例》） amended by the State Council on February 9, 2021 and came into effect on

June 1, 2021, the drug supervision and administration departments of the State Council shall be responsible for the supervision of medical devices of the PRC. All relevant departments of the State Council shall be responsible for the supervision of medical devices within their respective scope of duties. In order to guarantee the safety of medical devices, local people's governments above the county level should reinforce their leading role in the supervision and administration of medical devices within their respective administration regions, organize and co-ordinate the supervision and administration of medical devices and contingency plans within their respective administration regions and strengthen the competency of supervision and administration of medical devices. Drug supervision and administration departments of local people's governments above the county level are responsible for the supervision and administration of medical devices in their respective administrative regions. Relevant departments of the local people's governments above the county level are responsible for the supervision and administration of medical devices within their respective scope of duties.

China implements classified management of medical devices according to the degree of risk. The drug supervision and administration departments of the State Council are responsible for formulating the classification rules and classified catalog of medical devices, and analyzing and evaluating the changes in risks of medical devices in a timely manner according to the production, operation and use of medical devices, and adjusting the classified catalog. Class I medical devices have low risk and are subject to product filing management, Class II medical devices have medium risk, and Class III medical devices have high risk. Both Class II and Class III medical devices are subject to product registration management.

Registration and Filings of Medical Device Products

Pursuant to the Regulations on the Supervision and Administration of Medical Devices and the Measures for the Administration of Registration of Medical Devices （《醫療器械註冊管理辦法》） promulgated by the former CFDA on July 30, 2014 and came into effect on October 1, 2014, for the filings of the medical device products of Class I, the parties undergoing the filings of medical devices shall submit the filing materials to the drug supervision and administration departments of the respective local people's government at the city level. In case of any amendment to matters stated in the filings, such amendment shall be filed with the original filing department. Class II and Class III medical devices are subject to product registration management. Medical devices of Class II shall be examined by drug supervision and administration departments of the people's governments of the provinces, autonomous regions or municipality. Medical devices of Class III shall be examined by the drug supervision and administration departments of the State Council. A registration certificate for such medical device shall be issued upon approval.

In case of any substantial change of the designs, raw materials, production technologies, scopes of application and application methods, etc., of the registered medical device products of Class II or Class III, which may affect the safety and effectiveness of such medical devices, the registrants shall apply to the original registration departments for changing registration. In particular, for the expansion of applications, the registrant shall apply to the original registration department for updating the relevant section of the registration certificate. The registration certificate for a medical device is valid for five years and the registrant shall apply to the original registration departments for renewal at least six months prior to its expiration date.

Clinical trials are not required for the filing of the medical devices of Class I, but necessary for the application for the registration of the medical devices of Class II and Class III. However, medical devices may be exempt from clinical trials under any of the following circumstances: (i) The medical device has clear working mechanisms, finalized design and mature manufacturing processes, and the medical devices of the same type that are available on the market have been used in clinical application for years without records of any serious adverse events, and the medical device will not change the general purposes; (ii) The safety and effectiveness of such medical devices can be proved through non-clinical evaluation; or (iii) The safety and effectiveness of such medical devices can be proved through the analysis and evaluation of the data obtained from the clinical trials or clinical application of the same categories of medical devices.

The medical device catalog of clinical trial exemption shall be formulated, amended and promulgated by the NMPA. Medical device products that are not included in the exemption catalog shall be analyzed and evaluated through the data obtained from the clinical trials or clinical application of the same categories of medical devices. Where the safety and effectiveness of such medical devices can be proved, applicant may specify in the course of registration application and submit relevant proofing materials. For certain Class III medical devices that are subject to clinical trials with high risk to human body, approval from the NMPA is required before clinical trials. On September 14, 2020, the NMPA issued the Notice on the List of Class III Medical Devices Subject to Clinical Trial Approval (2020 Revision), which revised the original List of Class III Medical Devices Subject to Clinical Trial Approval and came into effect since September 14, 2020.

Since their initial promulgation, the medical device registration regulations have been continuously updated. In March 2021, the NMPA solicited public comments on proposed updates for the Measures for the Administration of Registration of Medical Devices. The major proposed updates include (i) further specifying the requirements from registration perspective for relevant stages of development; (ii) incorporating the recently implemented special review procedures (for example, the Green Path Approval Procedure. See "—Innovative Medical Device Special Review and Approval Procedure (Known as the "Green Path")" below for details) into the Measures for the Administration of Registration of Medical Devices; and (iii) further diversifying regulatory channels, especially, specifying the extended examination, credit profile and regulatory inquiry mechanisms.

In addition, the Measures for the Administration of Registration of Medical Devices stipulate the technical requirements for product registration inspection, clinical evaluation, product registration application and evaluation, and the examination and approval of product registration shall be conducted in accordance with the requirements of the NMPA.

On August 26, 2021, the State Administration for Market Regulation promulgated the Measures for the Administration of Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》), which came into effect on October 1, 2021, and the original Measures for the Administration of Registration of Medical Devices was repealed simultaneously. According to the notice issued by NMPA on September 29, 2021, for registration applications that have been accepted before the implementation of the Measures for the Administration of Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》) but have not yet made an approval decision, the drug regulatory authorities will continue to review and approve these applications according to the original regulations and issue registration certificates for medical devices that meet the criteria for launching.

Same as Measures for the Administration of Registration of Medical Devices, Measures for the Administration of Registration and Filing of Medical Devices categorizes medical devices into three classes with each class under individual supervision. Class I medical devices shall be managed by filing, while Class II and Class III medical devices shall be managed by registration.

According to Measures for the Administration of Registration and Filing of Medical Devices, which came into effect on October 1, 2021, the registrants of medical devices shall take the initiative to conduct post-market study on medical devices, further confirm the safety, effectiveness and quality controllability of medical device, and strengthen the continued administration of the medical devices available on the market. In the event of substantial changes to design, raw materials, manufacturing processes, scope of application and instructions for use of a registered Class II or Class III medical device, which may affect its safety or effectiveness, the registrant concerned shall apply to the original registration department for change of registration. In the event of other changes, the registrant concerned shall apply to the original registration department for filing within 30 days.

According to Measures for the Administration of Registration and Filing of Medical Devices, clinical evaluation is required for the registration and filing of medical devices, unless the medical devices are subject to exemptions. On September 16, 2021, the NMPA issued Announcement on Issuing Catalogue of Medical Devices Exempted from Clinical Evaluation (《關於發佈免於臨床評價醫療器械目錄的通告》), which came into effect on October 1, 2021.

In addition, Measures for the Administration of Registration and Filing of Medical Devices provide details on other aspects such as product development and manufacturing, clinical evaluation, registration system verification, product registration, change of registration, renewal of registration, product filing, etc. It also states special registration procedures such as innovative product registration procedure, priority registration procedure, contingency registration procedure, etc.

Good Clinical Practice for Clinical Trials of Medical Devices

On March 1, 2016, the former CFDA and the former National Health and Family Planning Commission jointly issued the Good Clinical Practice for Clinical Trials of Medical Devices （《醫療器械臨床試驗質量管理規範》）, which became effective on June 1, 2016. The code covers the whole process of clinical trial of medical devices, including the design, implementation, monitoring and inspection of clinical trial, as well as the collection, recording, analysis, summary and reporting of data. To conduct clinical trials of medical devices, the sponsor shall organize the formulation of a scientific and reasonable clinical trial plan according to the categories, risks, and intended use of the medical devices for testing. The sponsor shall be responsible for: (i) organizing the formulation and modification of the investigator's manual, clinical trial protocol, informed consent, case report form, relevant standard operating procedures and other relevant documents, and (ii) organizing the training necessary for conducting clinical trials. The sponsor shall select the trial institution and investigator among the qualified clinical trial institutions of medical devices based on the characteristics of the medical device for testing. The sponsor shall be responsible for initiating, applying, organizing and monitoring the clinical trials, and be liable for the authenticity and reliability of the clinical trials. For the new product that has not been approved for marketing at home and abroad, if its safety and performance have not been medically proved, a small sample feasibility test shall be conducted when designing the clinical trial plan, and after the initial confirmation of its safety, the sample size shall be determined according to statistical requirements for subsequent clinical trials.

Innovative Medical Device Special Review and Approval Procedure (Known as the "Green Path")

On August 9, 2015, the State Council issued the Opinions of the State Council on Reforming the Evaluation, Review and Approval System for Drugs and Medical Devices (《國務院關於改革藥品醫療器械審評審批制度的意見》), encouraging the research, development and innovation of medical devices, and including the application for registration of innovative medical devices with the invention patent of core technology and significant clinical value into the scope of special review and approval, which shall enjoy the priority in handling.

In October 2017, the General Office of the CPC Central Committee and the General Office of the State Council issued and implemented the Opinions on Deepening the Reforming of the Evaluation and Approval System and Encouraging the Innovation of Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) (the "Opinions"), which aims to encourage the innovation of medical devices. According to the Opinions, priority in review and approval shall be given to innovative medical devices supported by major national science and technology projects and national key research and development programs, and clinical trials conducted by the National Clinical Research Center and approved by the administration authorities of the center.

Pursuant to the Innovative Medical Device Special Review and Approval Procedure (《創新醫療器械特別審查程序》) (the "Green Path Approval Procedure") promulgated by the NMPA on November 2, 2018 and coming into force on December 1, 2018, the special review procedures shall apply to the examination of medical devices in the following circumstances: (i) the applicant legally owns the invention patent right of the core technology of the product in China through the technological innovation activities led by the applicant, or legally obtains the invention patent right or the right to use the same in China through an assignment in accordance with law, and the time between the application for the special review of innovative medical devices and the publication date of the patent authorization shall not exceed 5 years. Alternatively, the patent administrative department of the State Council has disclosed the application for the invention patent of the core technology, and the Patent Search and Consultation Center of the State Intellectual Property Office has issued a search report stating the novelty and creativity of the core technology solution of the product; (ii) the applicant has completed the preliminary research of the product and owns the product prototype, the research process is true and under control, and the research data is complete and traceable; (iii) the main working principle or mechanism of action of the product is the first of its kind in China. The product performance or safety has fundamental improvement compared with similar products, its technology is at the international leading level, and the clinical application value is significant. The Center for Medical Device Evaluation of the NMPA shall give priority to the technical review of innovative medical devices whose application for registration has been accepted. When the technical review is completed, the NMPA shall give priority to the administrative review and approval of the same.

According to the Green Path Approval Procedure, prior to the acceptance of an application for the admission to the Green Path and during the following technical review process, the Center for Medical Device Evaluation of the NMPA shall assign designated personnel to provide timely guidance upon the applicant's request and discuss relevant technical issues with the applicant. An

applicant may also apply for discussions with the Center for Medical Device Evaluation for issues such as the design of clinical trials through filing discussion request forms. The Center for Medical Device Evaluation shall promptly review such discussion request forms and any supplemental materials submitted by the applicant. If the Center for Medical Device Evaluation agrees to have further discussions with the applicant, it shall clearly inform the applicant of the issues to be discussed, and liaise with the applicant to determine the form, time, place and participants of such discussions. The discussion record confirmed and signed by both parties will constitute a reference for further registrational review of such product candidate.

According to Measures for the Administration of Registration and Filing of Medical Devices, which came into effect on October 1, 2021, for application applicable for innovative product registration procedure, the applicants shall submit innovative medical device review application to the NMPA after the basic model of the product has been determined. The NMPA shall organize experts to conduct review. For medical devices that meet requirements, innovative product registration procedure would apply. For medical devices registration application applicable for innovative product registration procedure, the NMPA and institutions undertaking related technical work, according to their respective responsibilities, would designate special persons-in-charge, communicate in time and provide guidance. For medical devices under innovative product registration procedure, the Center for Medical Device Evaluation of the NMPA could communicate with the applicants on major technical issues, major safety issues, clinical trial plan, conclusion and evaluation of the clinical trial results in various stages during product development and manufacturing before acceptance of registration and during technical evaluation procedure.

Medical Device Registrant System

Pursuant to the Notice of the NMPA on Expanding the Pilot of the Medical Device Registrant System (《國家藥監局關於擴大醫療器械註冊人制度試點工作的通知》) promulgated by the NMPA and coming into force on August 1, 2019, in order to fully implement the medical device registrant system, the NMPA decided to further expand the pilot of the medical device registrant system on the basis of the pilot work of the medical device registrant system in the free trade zones of Shanghai, Guangdong and Tianjin. The scope of the pilot program includes Beijing, Tianjin, Hebei, Liaoning, Heilongjiang, Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Shandong, Henan, Hubei, Hunan, Guangdong, Guangxi, Hainan, Chongqing, Sichuan, and Yunnan, Shaanxi provinces (autonomous regions and municipalities). The contents and objectives of the pilot program mainly include: exploring the establishment of the management system for entrusted production of medical devices, optimizing resource allocation and clarifying the liabilities of the parties concerned. An applicant for medical device registration who applies for and obtains a medical device registration certificate shall become a medical device registrant. The applicant may entrust an enterprise with corresponding production capacity to produce samples, and the registrant may entrust the production of the certified products to one or more enterprises with production capacity. The Group companies are encouraged to further integrate, optimize resource allocation and implement the liabilities of the registrant of medical devices through the registrant pilot program.

The Regulations on the Supervision and Administration of Medical Devices has further clarified the definition and obligations of the medical device registrant, and clarified the rights and obligations of the registrant and other market entities such as the entrusted production enterprises, operators of

e-commerce platforms and users, indicating the full implementation of the medical device registrant system in China.

Medical Device Production Permit

According to the Regulations on Supervision of Medical Devices, in addition to the required medical device registration certificates, a producer of medical devices shall file a record with or obtain a production license from drug supervision and administration departments of local people's governments at the corresponding level before commencing production. The medical device production license is valid for five years. Where the period of validity for the license needs to be extended upon expiry, the procedures for such extension shall be handled in accordance with the provisions of relevant laws on administrative licensing.

According to the Administrative Measures for the Supervision of the Production of Medical Devices (《醫療器械生產監督管理辦法》), which was amended by the former CFDA and came into effect on November 17, 2017, an enterprise engaging in the production of medical devices shall have the production site, environmental conditions, production equipment and professional technicians suitable for the production of medical devices; shall have a quality inspection institution or full-time inspection personnel and the inspection devices for the quality inspection of the medical devices produced; shall have the system to ensure the quality of the medical devices; shall have the after-sales service capability commensurate with the medical devices produced; and shall comply with the requirements of the production R&D and production process documents. The enterprise engaging in the production of Class I medical devices shall complete record-filing with the food and drug supervision and administration departments under the people's government of the city with districts where it is located. The enterprise engaging in the production of Class II and Class III medical devices shall apply for a production license from the food and drug supervision and administration departments under the people's government of the province, autonomous region or municipality directly under the central government where it is located. For any change to the particulars stated in the production license, an application shall be submitted to the original registration departments for registration of changes. For any change to the particulars stated in the certificates for production filing of Class I medical devices, such changes shall be filed.

Production and Quality Management of Medical Devices

Pursuant to the Regulations on Production Quality Management of Medical Devices (《醫療器械生產質量管理規範》) promulgated by the former CFDA on December 29, 2014 and came into effect on March 1, 2015 (the "Regulations on Production Quality Management"), an enterprise engaging in the production of medical devices shall establish and effectively maintain a quality control system in accordance to the requirements of the Regulations on Production Quality Management. The enterprise engaging in the production of medical devices shall, in accordance with the requirements of the Regulations on Production Quality Management and taking into account the characteristics of the products, establish a sound quality management system suitable for the medical devices produced and ensure its effective operation. The enterprise shall establish procurement control procedures to ensure that the purchased goods comply with the relevant requirements, which shall not be lower than the relevant requirements of laws and regulations and national mandatory standards. The enterprise shall establish a supplier review system and conduct review and evaluation on the suppliers. The enterprise shall record the procurement, production and inspection of raw materials. Such records shall be true,

accurate, complete and traceable. The enterprise shall implement risk management throughout the whole process of design and development, production, sales and after-sales services. The measures taken shall be in line with the risks of the products.

The international quality standards applicable to surgical robots include ISO 13485: 2016 and IEC80601-2-77. ISO 13485: 2016 specifies requirements for a quality management system where an organization needs to demonstrate its ability to provide medical devices and related services that consistently meet customer and applicable regulatory requirements. IEC80601-2-77 sets forth the requirements for the basic safety and essential performance of robotic-assisted surgical equipment.

The abovementioned ISO and IEC standards are not mandatory to surgical robot developers in China under PRC laws and regulations. Instead, Regulations on Production Quality Management are mandatory requirements. As for surgical robots, there is no major difference between the ISO standards and Regulations on Production Quality Management in general. The detailed differences between the ISO standards and Regulations on Production Quality Management mainly include:

- *Management*. The ISO standards set forth general requirements for responsibility allocation and management evaluation. Regulations on Production Quality Management emphasizes that the personnel responsible for production management and quality control shall not overlap, and the senior management shall be primarily responsible for product quality.

- *Operational controls*. The ISO standards emphasize risk control measures, especially the risk control measures for contracted manufacturing. Regulations on Production Quality Management set forth specific requirements on the selection of subcontractors.

- *Pre-sales and after-sales*. In the pre-sales stage, ISO standards emphasize the communications with customers for technical issues, and in the after-sale stages, ISO standards set forth detailed procedural requirements for complaint response. Regulations on Production Quality Management's requirements with respect to these issues are relatively general.

Pursuant to the Notice on Printing and Distributing 4 Guiding Principles including the Guidelines for On-site Inspection of Production Quality Management Practices of Medical Devices (《關於印發醫療器械生產質量管理規範現場檢查指導原則等4個指導原則的通知》) promulgated by the former CFDA and came into effect on September 25, 2015, during the course of on-site verification of the registration of medical devices and on-site inspection of production permits (including changes), the inspection team shall, in accordance with the guidelines, issue recommended conclusions for on-site inspections, which shall be divided into "Passed," "Failed" and "Reassessment after rectification." During the supervision and inspection, if it is found that the requirements of the key items or ordinary items that may have direct impact on product quality are not satisfied, the enterprise shall suspend production and go through rectification. If it is found that the requirements of the ordinary items are not satisfied, and it does not directly affect product quality, the enterprise shall rectify in a prescribed time. The regulatory authorities will examine and verify the recommended conclusions and on-site inspection materials submitted by the inspection group, and issue the final inspection results.

Permit for Medical Device Operation

According to the Administrative Measures for Supervision of the Operation of Medical Devices (《醫療器械經營監督管理辦法》), which was promulgated by the former CFDA and came into effect on November 17, 2017, an enterprise engaging in the operation of medical devices shall have business premises and storage conditions suitable for the operation scale and business scope, as well as quality management system and quality management institution or quality management personnel suitable for the medical devices it operates. Where an enterprise is engaged in the operation of Class II medical devices, it shall file with the food and drug supervision and administration department of the people's government of the city with districts where it is located, and provide evidence that it meets the relevant conditions for engaging in the operation of medical devices; where an enterprise is engaged in the operation of Class III medical devices, it shall apply to the food and drug supervision and administration department of the people's government of the city with districts where it is located for operation license, and provide evidence that it meets the relevant conditions for engaging in the operation of medical devices.

The food and drug supervision and administration department that accepts the application for operation license shall issue a medical device operation license for enterprises that meet the prescribed conditions, and the medical device operation license shall be valid for five years. Where the period of validity for the license needs to be extended upon expiry, the procedures for such extension shall be handled in accordance with the provisions of relevant laws on administrative licensing. Enterprises engaging in medical device business shall not operate medical devices that have not been registered or filed, do not have qualified certification documents, or whose certification documents have outdated or lapsed or have been revoked.

Two Invoice System for Medical Devices

According to the Notice on Issuing the Implementation Opinions on Implementing the "Two-Invoice System" in Drug Procurement of Public Medical Institutions (for Trial Implementation) (《印發關於在公立醫療機構藥品採購中推行"兩票制"的實施意見（試行）的通知》) issued by the Office of the Leading Group for Deepening the Reform of the Medical and Health System of the former State Council, the former National Health and Family Planning Commission and the former CFDA on December 26, 2016, the two-invoice system means that a pharmaceutical manufacturer issues an invoice to a circulation company, and the circulation company issues an invoice to a medical institution. A wholly owned or controlled commercial company (only one commercial company nationwide) established by a pharmaceutical manufacturing enterprise or a group enterprise integrating science, industry and trade, and a domestic general agent (only one domestic general agent nationwide) of overseas pharmaceutical products may be regarded as a manufacturing enterprise. The allocation of drugs within a pharmaceutical circulation group enterprise to a wholly owned (or majority-controlled) subsidiary or between the wholly owned (or majority-controlled) subsidiaries may not be considered as one invoice, provided that at most one invoice is allowed.

According to the Notice on Consolidating the Achievements of Canceling Drug Markups and Deepening Comprehensive Reforms in Public Hospitals (《關於鞏固破除以藥補醫成果持續深化公立醫院綜合改革的通知》) promulgated by the former National Health and Family Planning Commission, the Ministry of Finance, the NDRC and other departments on March 5, 2018, high value medical consumables shall be subject to classified and centralized purchase, and the "Two Invoice System" in relation to high-value medical consumables shall be gradually implemented.

On July 19, 2019, the General Office of the State Council issued the Notice on Printing and Distributing the Reform Plan for the Management of High-value Medical Consumables （《國務院辦公廳關於印發<治理高值醫用耗材改革方案>的通知》）, which encourages local governments to adopt the "Two Invoice System" combined with actual situation in order to reduce the circulation of high-value medical consumables and promote the transparency of purchase and sales.

At present, some provinces in China have issued relevant systems for the "Two-Invoice System" for medical consumables. However, there is no specific system and implementation time for the "Two-Invoice System" for medical devices, and the reform is still in progress. The implementation of the "Two-Invoice System" for medical devices in China will bring certain uncertainties to the business development and operation of the Company.

Procurement Management of Medical Devices

Pursuant to the Administrative Measures for the Deployment and Use of Large Medical Devices (Trial) （《大型醫用設備配置與使用管理辦法（試行）》） promulgated by the NHC and the NMPA effective on May 22, 2018, large medical devices refers to the large medical devices with complicated technology, large capital investment, high operating cost, significant impact on medical expenses and included in the catalog for management. The catalog of large medical devices shall be proposed by the NHC and the relevant departments of the State Council, and shall be published and implemented upon approval by the State Council. The catalog of large medical devices for management is divided into two categories: A and B. Where an application is made for the deployment of Class A large medical devices, the application shall be made to the NHC. When an application for the deployment of Class B large medical devices, the application shall be submitted to the health administrative department at the provincial level.

According to the Catalog of Large Medical Devices Subject to Administration on Deployment Permit (2018) （《大型醫用設備配置許可管理目錄（2018年）》） issued by the NHC and came into force on March 29, 2018, "endoscopic surgical instruments control system (surgical robot)" and "large medical device with unit price of RMB 10 to 30 million deployed for the first time" are included in the catalog of Class B (for which the provincial health and family planning commission shall responsible for deployment management).

Sampling, Collection and Filing of Human Genetic Resources

On June 10, 1998, the General Office of the State Council promulgated the Interim Administrative Measures on Human Genetic Resources （《人類遺傳資源管理暫行辦法》）, which established the rules for protecting and utilizing human genetic resources in the PRC. Pursuant to the Circular on Implementing the Administrative License for Sampling, Collecting, Trading or Exporting Human Genetic Resources （《關於實施人類遺傳資源採集、收集、買賣、出口、出境行政許可的通知》）promulgated and implemented by the Ministry of Science and Technology on August 24, 2015, the sampling and collection of human genetic resources though clinical trials shall be filed with the China Human Genetic Resources Management Office through the online system. On October 26, 2017, the Ministry of Science and Technology promulgated the Circular on Optimizing the Administrative Examination and Approval of Human Genetic Resources （《關於優化人類遺傳資源行政審批流程的通知》） which came into effect on December 1, 2017, simplifying the approval of sampling and collecting human genetic resources for the purpose of marketing drugs in the PRC.

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

The Biosecurity Law of the People's Republic of China （《中華人民共和國生物安全法》） was promulgated by the Standing Committee of the NPC on October 17, 2020 and became effective on April 15, 2021. The Biosecurity Law of the People's Republic of China reiterates that China has a dominant right over its human genetic resources and biological resources, and provides for the regulatory requirements set out in the Regulations of the People's Republic of China on the Administration of Human Genetic Resources.

Export Registration of Medical Devices

The Administrative Measures for the Supervision of the Production of Medical Devices stipulates that the manufacturer of the medical devices for export shall ensure that the medical devices it produces meet the requirements of the importing country (region) and shall file the product information with the local municipal food and drug supervision and administration department.

Pursuant to the Administrative Provisions on the Export and Sales Certificate of Medical Device Products （《醫療器械產品出口銷售證明管理規定》） promulgated by the former CFDA on June 1, 2015 which took effect on September 1, 2015, where the registration certificate and the production permit certificate for medical device products have been obtained or the filing for medical device products and the production filing have been completed in the PRC, the food and drug administration authority may issue the Export and Sales Certificate for Medical Device Products to the relevant production enterprise. The validity period of the Export and Sales Certificate of Medical Device Products shall not exceed the deadlines of the certificates submitted by the enterprises in the application materials, whichever is the earliest, and shall not exceed two years.

Medical Device Recall, Adverse Event Monitoring and Re-evaluation

According to the Measures for the Administration of Medical Device Recalls （《醫療器械召回管理辦法》） promulgated by the former CFDA on January 25, 2017 which took effect on May 1, 2017, depending on the severity of defects of medical devices, the recall of medical devices can be divided into: (i) Level I recall: the use of the medical device may cause or has caused serious health hazards; (ii) Level II recall: the use of the medical device may cause or has caused temporary or reversible health hazards; or (iii) Level III recall: the medical device is less likely to cause harm but still needs to be recalled. Medical device manufacturers should determine the level of recall based on specific conditions and systematically design and organize the implementation of a recall plan based on the level of recall and the sales and use of medical devices.

According to the Administrative Measures for the Monitoring and Re-evaluation of Adverse Events of Medical Devices （《醫療器械不良事件監測和再評價管理辦法》） promulgated by the State Administration for Market Regulation and the NHC on August 13, 2018 which took effect on January 1, 2019, holders of medical device marketing licenses (the "Holders") shall have the quality management ability and corresponding capacity for liability to ensure the safety and effectiveness of medical devices, establish a medical device adverse event monitoring system, and directly report medical device adverse events to the technology institution for medical device adverse event monitoring (the "Monitoring Institution").

Any business enterprise authorized by the holder for sales or the medical device user shall report any medical device adverse event to the holder and the monitoring institution. The holder shall evaluate the identified adverse events, improve product quality according to the evaluation results, and report the evaluation results and measures for improving quality to the monitoring institution. Where approval from the original registration authority is required, an application shall be submitted as required.

The NMPA has established the national medical device adverse event monitoring information system, and strengthened the construction of medical device adverse event monitoring information network and database. The monitoring institutions designated by the NMPA are responsible for the unified management of the information on the medical device adverse events collected, and shall provide feedback to the relevant monitoring institutions, holders, business enterprises or users on the information related to the monitoring of medical device adverse events.

Advertisements of Medical Devices

On December 24, 2019, the State Administration for Market Regulation issued the Interim Administrative Measures for Review and Management of Advertisements for Drugs, Medical Devices, Dietary Supplements and Foods for Special Medical Purpose （《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》） (the "Interim Measures for Review and Management"), which came into effect on March 1, 2020. The Interim Measures for Review and Management provides that advertisements for medical devices shall not be published without examination, and the contents of advertisements for medical devices shall be subject to the content of the registration certificates or filing certificates, product specifications registered or filed and approved by the drug regulatory authorities. If the advertisement of medical devices involves the name, scope of application, mechanism of action or structure and composition of medical devices, it shall not exceed the scope of the registration certificate or filing certificate, or the product specifications registered or filed. The validity period of an advertisement approval for drugs, medical devices, health food and food for special medical use shall be consistent with the validity period of the registration certificate, record-filing certificate or the production license of the product, whichever is the shortest. Where no validity period is set forth in the registration certificate, record-filing certificate or the production license of the product, the advertisement approval shall be valid for two years.

Other Laws and Regulations

Hospital classification

The Hospital Classification Management Measures (for Trial Implementation) （《醫院分級管理辦法（試行）》）promulgated by the former Ministry of Health divides the hospitals into three classes

and 10 grades. Grade III hospitals are the highest level and are further divided into Special, A, B and C grades. Please also refer to "Glossary of Technical Terms." The Grade I and Grade II hospitals are also further divided into A, B and C grades respectively. The Grade III hospitals are above regional hospitals that provide high-level specialist medical and healthcare services to several regions and perform advanced teaching and research works. The Grade II hospitals are regional hospitals that provide comprehensive medical and healthcare services to a number of communities and undertake certain teaching and research works. The Grade I hospitals are primary hospitals or healthcare centers that directly provide preventive, medical care, healthcare, and rehabilitation services to communities of a certain population. Grade IIIA hospitals are more concentrated in first-tier cities (especially Shanghai, Beijing and Guangzhou) and certain leading second-tier cities.

National Medical Insurance Program

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

Pursuant to the Opinions on the Establishment of the New Rural Cooperative Medical System （《關於建立新型農村合作醫療制度意見的通知》） issued by the General Office of the State Council on January 16, 2003, China launched the New Rural Cooperative Medical System to provide medical insurance for rural residents in selected areas which has since spread to the whole nation.

The State Council promulgated the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance （《國務院關於開展城鎮居民基本醫療保險試點的指導意見》） on July 10, 2007, under which urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical Insurance.

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

According to the Social Insurance Law of the People's Republic of China （《中華人民共和國社會保險法》） amended by the Standing Committee of the NPC and taking effect on December 29, 2018, the medical expenses of insured persons shall be paid by the basic medical insurance fund, which shall be directly settled by the social insurance agency with the medical institutions and drug operators. The labor and social security authorities of each district shall specify the specific proportion of the fees paid by the patients.

Product Liability and Protection of Consumers' Rights

According to the Product Quality Law of The People's Republic of China （《中華人民共和國產品質量法》） amended by the Standing Committee of the NPC which took effect on December 29,

2018, producers and sellers shall establish and improve their internal system for product quality control, and strictly apply the quality standards for jobs, the quality responsibility system and the related check measures. Producers and sellers are responsible for the product quality according to the provisions of the law.

The product quality supervision and administration departments of the State Council are responsible for the supervision and administration of the quality of products of the whole country. All relevant departments of the State Council shall be responsible for the supervision of product quality within their own functions and duties. Quality of products shall pass standard examinations and no substandard products shall be used as qualified ones. Industrial products which may be hazardous to the health of the people and the safety of lives and property shall conform to the State and trade standards for ensuring the health of the human body and safety of lives and property. In absence of such State or trade standards, the products shall conform to the minimum requirements for ensuring the health of the human body and the safety of lives and property. It is prohibited to produce or sell industrial products that do not come to the requirements and demands for physical health and safety of body and property. Producers or sellers shall be responsible for any compensation arising from their unlawful acts such as production or sales of defective, eliminated or ineffective products, faking the place of origin or quality marks, mixing or adulterating products or passing off imitations as genuine, substandard products as qualified ones or non-conforming products as conforming. Penalties include confiscation of sales proceeds, revocation of business licenses and imposition of fines. In serious cases, the offender shall be investigated for criminal liability according to law. Producers or sellers shall be liable for any damage to any person or property due to the defects of products resulting from their defaults.

According to the Civil Code of the People's Republic of China （《中華人民共和國民法典》）, which was promulgated by the National People's Congress on May 28, 2020 and came into effect on January 1, 2021, patients who suffer from damage due to defects in drugs, disinfectant products and medical devices, or the infusion of unqualified blood may claim compensation from the marketing license holder, the manufacturer, the blood provider, or the medical institution. Where a patient claims compensation from a medical institution, the medical institution shall, after paying the compensation, have the right to recover such compensation from the responsible drug marketing license holder, producer and blood provider.

Production Safety

According to the Safety Production Law of the People's Republic of China （《中華人民共和國安全生產法》） revised by the Standing Committee of the National People's Congress on June 10, 2021 and effective on September 1, 2021, a production and business operation entity must (i) abide by this law and other laws and regulations related to production safety, strengthen production safety management, and establish a sound production safety responsibility system and formulate a set of production safety rules and regulations for all employees; (ii) increase the efforts to guarantee the input of funds, supplies, technology and personnel to production safety, improve production safety conditions, and strengthen standardization and informatization of production safety; (iii) construct a dual prevention mechanism consisting of graded management and control of safety risks and examination and control of potential risks, improve the risk prevention and resolution mechanism, enhance production safety levels and ensure production safety. Entities that do not have the conditions for safe production shall not engage in production and business activities.

The person in charge of an enterprise is fully responsible for its work safety. An enterprise with more than one hundred employees shall set up an institution for management of work safety or designate full-time staff for management of work safety. The management personnel of the enterprise in charge of work safety shall conduct regular inspections of the work safety status according to the production and operation characteristics of the enterprise; the safety problems found during the inspection shall be dealt with immediately; if they cannot be dealt with, they shall be reported to the relevant person in charge in a timely manner, who shall then tackle the problems promptly. The inspection and handling should be truthfully recorded. Enterprises and institutions shall educate their employees on work safety, and truthfully inform them of the dangerous factors, preventive measures and emergency response measures that exist in the workplaces and positions. In addition, enterprises must provide employees with personal protective equipment that meets national or industry standards, and supervise and train employees to use the equipment.

Anti-Unfair Competition

Pursuant to the Anti-Unfair Competition Law of the People's Republic of China （《中華人民共和國反不正當競爭法》） (the "Anti-Unfair Competition Law"), which was amended by the Standing Committee of the NPC and came into effect on April 23, 2019, unfair competition is defined as an act in which an operator violates the provisions of the Anti-Unfair Competition Law in its production and operation activities, disturbs the market competition order and damages the legitimate rights and interests of other operators or consumers. According to the Anti-Unfair Competition Law, business operators shall abide by the principles of voluntariness, equality, fairness and integrity and abide by laws and business ethics in their market transactions. Operators who violate the provisions of the Anti-Unfair Competition Law shall be subject to corresponding civil, administrative or criminal liabilities according to the specific circumstances.

Pursuant to the Provisional Regulations of the State Administration for Industry and Commerce on Banning Commercial Bribery （《國家工商行政管理局關於禁止商業賄賂行為的暫行規定》） (the "Provisions on Banning Commercial Bribery") promulgated by the former State Administration for Industry and Commerce and taking effect on November 15, 1996, commercial bribery refers to the act of a business operator to bribe another entity or individual by using property or other means for the purpose of selling or purchasing goods, and "other means" refers to the means of providing benefits other than property, such as travel or visits, in various names at home and abroad. According to the Anti-Unfair Competition Law and the Provisions on Banning Commercial Bribery, the supervision and inspection authorities may impose fines according to the circumstances, and confiscate any illegal gains.

Labor and Social Security

According to the Labor Law of the People's Republic of China （《中華人民共和國勞動法》） revised by the Standing Committee of the National People's Congress and effective on December 29, 2018, the Labor Contract Law of the People's Republic of China （《中華人民共和國勞動合同法》）, which was revised by the Standing Committee of the National People's Congress on December 28, 2012 and became effective on July 1, 2013, and the Regulations for the Implementation of the Labor Contract Law of the People's Republic of China issued by the State Council and taking effect on September 18, 2008, employers shall strictly abide by national standards and provide workers with relevant training to ensure that workers enjoy labor rights and perform labor obligations. The

employers and the employees shall sign a written labor contract. The labor contract can be divided into fixed-term labor contract, unfixed-term labor contract, and labor contract for completing certain tasks. The wage paid by the employers to the employees shall not be lower than the local standard of minimum wage.

According to the Social Insurance Law of the People's Republic of China, the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) revised by the State Council and entering into force on March 24, 2019, and the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) revised by the State Council and entering into force on March 24, 2019, employers should pay contributions to basic pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, basic medical insurance and housing provident fund for their employees according to the statutory payment base and payment ratio. If the relevant payment is not paid in full and on time to the relevant local administrative agency, the employer may be ordered to make up the gap or pay a fine.

Pursuant to the Interim Provisions on Labor Dispatch (《劳務派遣暫行規定》), which was promulgated by the Ministry of Human Resources and Social Security of the PRC on January 24, 2014 and came into effect on March 1, 2014, an employer may employ dispatched workers in temporary, auxiliary or substitutable positions only which shall not exceed 10% of the total number of its workers. If the employer violates the relevant labor dispatch regulations, according to the Labor Contract Law of the People's Republic of China, the labor administrative department shall order it to make corrections within a time limit; if it fails to make corrections within the time limit, penalty shall be imposed on the basis of more than RMB5,000 and less than RMB10,000 per person.

Intellectual Property

Trademark

The Trademark Law of the People's Republic of China (《中華人民共和國商標法》), which was revised by the Standing Committee of the National People's Congress on April 23, 2019 and became effective on November 1, 2019, and the Regulations for the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) revised by the State Council on April 29, 2014 and entering into force on May 1, 2014 provide for the application, review and approval, renewal, alteration, transfer, use, and invalidity cases of trademark registration, and protect the trademark registrant's right to exclusive use of trademark. According to the above-mentioned laws and regulations, the validity period of a registered trademark is ten years, starting on the day when the registration is approved. If the validity period of a registered trademark has expired and further use is required, the renewal procedures must be completed in accordance with the regulations within 12 months before the expiration date. If the procedures cannot be completed within the time limit, it can be extended further for six months. The validity period of each renewal of registration is ten years, starting on the date of expiration of the previous validity period of the trademark. The trademark registrant may, by concluding a trademark licensing contract, authorize other persons to use the registered trademark.

Patents

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) revised by the Standing Committee of the National People's Congress on October 17, 2020 and came

to effect on June 1, 2021, and the Implementing Regulations of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》) revised by the State Council on January 9, 2010 taking effect on February 1, 2010, the patent administration department under the State Council is responsible for the patent work throughout the country. It receives and examines patent applications and grants patent rights for inventions-creations in accordance with law. The patent administration departments of the people's governments of provinces, autonomous regions and municipalities directly under the central government are responsible for the administration of patents within their respective administrative regions. An invention or utility model for which a patent is granted shall be novel, inventive and practically applicable. Any design for which patent right may be granted shall not be an existing design, nor has any entity or individual filed before the date of filing with the patent administration department under the State Council an application relating to the identical design disclosed in patent documents announced after the date of filing. The protection period is 20 years for an invention patent 10 years for a utility model patent and 15 years for design patent, commencing from their respective application dates. Any entity or individual that uses a patent of another party shall enter into a licensing contract with the patent owner and pay patent royalties to the patent owner. Any use of a patent without the permission of the patent owner constitutes an infringement of the patent right.

Copyright

According to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), which was revised by the Standing Committee of the National People's Congress on November 11, 2020 and came into effect on June 1, 2021, for the innovative and intellectual works that can be presented in certain manners in respect of Chinese citizens, legal persons or non-legal person organizations, including literature, art and science, regardless of whether they are published or not, the owners enjoy the copyright in accordance with the Copyright Law. Copyright holders enjoy various rights, including the publication right, the right of authorship and the right of reproduction.

According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, the Computer Software Protection Regulations (《計算機軟件保護條例》) revised by the State Council on January 30, 2013 taking force on March 1, 2013, the National Copyright Administration is in charge of software copyright registration and management across the country, and the China Copyright Protection Center is recognized as the software registration agency. The China Copyright Protection Center will grant registration certificates to computer software copyright applicants who conform to the Measures for Registration of Computer Software Copyright and the Regulations on Computer Software Protection.

Domain Name

In accordance with the provisions of the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and taking effect on November 1, 2017, to establish domain name root servers and domain name root server operating organizations, domain name registration management organizations and domain registration service organizations within the territory of China, licenses from the Ministry of Industry and Information Technology or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government

shall be obtained in accordance with the relevant regulations. The domain name registration service shall be conducted following the principle of "apply first, register first". The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) promulgated by the Ministry of Industry and Information Technology on November 27, 2017 and effective on January 1, 2018 provides for the obligations of information service providers and other entities to fight terrorism and maintain network security.

Customs

Pursuant to the Customs Law of the People's Republic of China (《中華人民共和國海關法》), which was amended by the Standing Committee of the NPC and became effective on April 29, 2021, the Customs of the People's Republic of China is the state's entry and exit customs supervision and administration authority. The Customs is responsible for supervising the transportation vehicles, goods, luggages, postal articles and other articles entering and leaving the country, collecting customs duties and other taxes and fees, and preventing and countering smuggling. The consignees and consignors for imported or exported goods and the customs brokers engaged in customs declaration shall file with the customs in accordance with law. Customs brokers or individuals engaged in Customs declaration shall not illegally make Customs declaration on behalf of others.

Environmental protection

Pursuant to the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》) amended by the Standing Committee of the NPC and came into effect on December 29, 2018, the Regulations on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) amended by the State Council on July 16, 2017 and came into effect on October 1, 2017, and the Interim Measures for the Acceptance Examination of Environmental Protection Facilities of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the former Ministry of Environmental Protection and came into effect on November 20, 2017, enterprises planning for construction projects shall provide environmental impact reports, environmental impact statements and environmental impact registration forms relating to such projects. The environmental impact reports and environmental impact statements must be approved by the competent environmental protection authority prior to the commencement of any construction work, and the environmental impact registration forms must be filed with the said authority. Unless otherwise provided by laws and regulations, enterprises that are required to submit an environmental impact report and an environmental impact statement shall be solely responsible for the examination and acceptance of the environmental protection facilities upon the completion of the construction project. A construction project may be put into operation or use only after the corresponding environmental protection facilities have passed the examination and acceptance. The competent authorities may conduct random inspection and supervision on the implementation of environmental protection facilities.

Enterprises and other producers that discharge pollutants shall take measures to prevent and control the environmental pollution and harm caused by the waste gas, waste water, waste residue and dust generated during production, construction or other activities. Enterprises and other producers and operators that discharge pollutants shall establish an environmental protection responsibility system

and specify the responsibilities of the persons in charge of the units and the relevant personnel. Facilities for the prevention and control of pollution in a construction project shall be designed, constructed and put into operation simultaneously with the main work. The pollution prevention facilities shall comply with the requirements of the approved environmental impact assessment documents, and shall not be dismantled or left idle without authorization.

According to the Catalog of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Edition) (《固定污染源排污許可分類管理名錄（2019年版）》) promulgated by the Ministry of Ecology and Environment came into effect on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented based on factors such as the amount of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. The pollutant discharging entity subject to registration management does not need to apply for the pollutant discharge permit, but shall fill in the pollutant discharge registration form on the national pollutant discharge permit management information platform.

According to the Guidelines for the Registration of Pollutant Discharge for Stationary Pollution Sources (Trial Implementation) (《固定污染源排污登記工作指南（試行）》) issued by the Ministry of Ecology and Environment and came into effect on January 6, 2020, enterprises that do not need to apply for a pollutant discharge permit in accordance with the law shall carry out pollutant discharge registration in accordance with the relevant provisions.

Tax

Enterprise income tax

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) revised by the Standing Committee of the National People's Congress and entering into force on December 29, 2018, and the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》) revised by the State Council entering into force on April 23, 2019, an enterprise established in accordance with law in China or established in accordance with the laws of foreign countries (regions) but whose actual management organization is in China is a resident enterprise. A resident enterprise shall be subject to enterprise income tax at a tax rate of 25% based on its income derived from domestic and foreign sources. As regards industries and projects whose development is encouraged by the state, preferential enterprise income tax is granted. For high-tech enterprises that are supported by the state, enterprise income tax shall be levied at a reduced rate of 15%.

Value-added tax

According to the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例》) revised by the State Council and took effect on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例實施細則》) revised by the Ministry of Finance on October 28, 2011 and took effect on November 1, 2011, value-added tax shall be levied on taxpayers that engage in sales of goods, processing, repair and maintenance services, and sales of services, intangible assets, immovable property and import goods

within the territory of China. Unless otherwise stipulated, for general taxpayers selling goods, labor services, tangible movable property leasing services or importing goods, the tax rate shall be 17%, and the tax rate applicable to the export of goods by taxpayers shall be nil.

According to the Circular of the Ministry of Finance and State Administration of Taxation on Adjusting Value-added Tax Rate （《财政部、税務總局關於調整增值税税率的通知》） issued by the Ministry of Finance and the State Taxation Administration on April 4, 2018 and came into force on May 1, 2018, the tax rate for the taxable sales or import of goods by the taxpayers would be changed from 17% and 11% to 16% and 10% respectively. According to the Notice of the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on Deepening Relevant Policies for VAT Reform （《财政部、税務總局、海關總署關於深化增值税改革有關政策的公告》） issued by the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on March 20, 2019 and taking effect on April 1, 2019, the tax rate shall be adjusted to 13% and 9% respectively.

Regulations Related to Foreign Investment

The Foreign Investment Law of the People's Republic of China （《中華人民共和國外商投資法》） (the "Foreign Investment Law"), which was promulgated by the National People's Congress on March 15, 2019 and came into effect on January 1, 2020, and the former Law of the People's Republic of China on Sino-foreign Equity Joint Ventures, the Law of the People's Republic of China on Wholly Foreign-owned Enterprises and the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures were repealed simultaneously. Since then, the Foreign Investment Law has become the fundamental law regulating wholly or partially foreign-invested enterprises invested by foreign investors. The provisions of laws such as the Company Law of the People's Republic of China shall apply to the organization form, organization structure and standards of activities of foreign-invested enterprises. The PRC implements the management system of pre-establishment national treatment plus negative list for foreign investment, and has canceled the original approval and filing management system for the establishment and change of foreign-invested enterprises. Pre-establishment national treatment refers to the treatment given to foreign investors and their investments at their pre-admission shall be no less favorable than that given to Chinese investors and their investments; while the Negative List refers to the special administrative measures for foreign investment access implemented according to the requirements of the state with respect of foreign investment in specific industries, and the national treatment will be given to foreign investments outside the negative list. The negative list currently implemented is the Special Administrative Measures for Access of Foreign Investment (Negative List) (2020 Edition) （《外商投資准入特別管理措施（負面清單）（2020年版）》） promulgated by the NDRC and the Ministry of commerce of the PRC("MOFCOM") on June 23, 2020 and implemented on July 23, 2020. While strengthening investment promotion and protection, the Foreign Investment Law further regulates the administration of foreign investment and proposes to establish a foreign investment information reporting system to replace the existing MOFCOM approval and filing system for foreign investment enterprises. The Foreign Investment Information Report is governed by the Measures for the Reporting of Foreign Investment Information, which was jointly formulated by the MOFCOM and the State Administration for Market Regulation and came into effect on January 1, 2020. According to the Measures for the Reporting of Foreign Investment Information, foreign investors conducting investment activities directly or indirectly in the PRC shall submit investment information to the competent commerce

authorities through the enterprise registration system and the national enterprise credit information publicity system, which shall include initial report, change report, cancelation report, annual report, etc.

According to the Special Administrative Measures for the Access of Foreign Investment (Negative List 2020) and the Catalog of Industries for Encouraging Foreign Investment (2020) (《鼓勵外商投資產業目錄（2020年版）》), which was promulgated by the NDRC and the MOFCOM on December 27, 2020 and became effective on January 27, 2021, foreign investment projects can be classified into three categories, namely encouraged, restricted and prohibited. Foreign investment projects which are not included in the Negative List are permitted foreign investment projects.

By far, the businesses of the Company and its PRC subsidiaries do not fall into the restricted or prohibited industries listed in the Special Administrative Measures for Access of Foreign Investment (Negative List 2020).

Regulations Relating to the H Share Full Circulation

"Full circulation" means listing and circulating on the stock exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) ("Guidelines for the Full Circulation").

According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for full circulation. To apply for full circulation, an H-share listed company shall file the application with the CSRC according to the administrative licensing procedures necessary for the "examination and approval of public issuance and listing (including additional issuance) of shares overseas by a joint stock company". After the application for full circulation has been approved by the CSRC, the H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with CSDC of the shares related to the application has been completed.

On December 31, 2019, CSDC and the Shenzhen Stock Exchange ("SZSE") jointly announced the Measures for Implementation of H-share Full Circulation Business (《H股"全流通"業務實施細則》) ("Measures for Implementation"). The businesses in relation to the H-share full circulation business, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. are subject to the Measures for Implementation.

In order to fully promote the reform of H-share full circulation and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, CSDC promulgated the Circular on Issuing the Guide to the Program for Full Circulation of H-shares

（《H股"全流通"業務指南》） on February 7, 2020, which specifies the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, and other relevant matters. In February 2020, China Securities Depository and Clearing (Hong Kong) Limited also promulgated the Guide of China Securities Depository and Clearing (Hong Kong) Limited to the Program for Full Circulation of H-shares to specify the relevant escrow, custody, agent service, arrangement for settlement and delivery, risk management measures and other relevant matters.

According to the Measures for Implementation and the Guide to the Program for Full Circulation of H-shares, shareholders who apply for H Share Full Circulation ("Participating Shareholders") shall complete the cross-border transfer registration for conversion of relevant domestic unlisted shares into H Shares before dealing in the shares, i.e., CSDC as the nominal shareholder, deposits the relevant securities held by Participating Shareholders at China Securities Depository and Clearing (Hong Kong) Limited ("CSDC (Hong Kong)"), and CSDC (Hong Kong) will then deposit the securities at HKSCC in its own name, and exercise the rights to the securities issuer through HKSCC, while HKSCC Nominees as the ultimate nominal shareholder is listed on the register of shareholders of H-share listed companies.

According to the Guide to the Program for Full Circulation of H-shares, H-share listed companies shall be authorized by Participating Shareholders to designate the only domestic securities company ("Domestic Securities Company") to participate in the transaction of converted H shares. The specific procedure is as follows:

a. Participating Shareholders submit trading orders of the converted H Shares through the Domestic Securities Company, which transmits the orders to the Hong Kong Securities Company designated by the Domestic Securities Company through Shenzhen Securities Communications Co., Ltd.; and

b. Hong Kong Securities Company conducts corresponding securities transactions in the Hong Kong market in accordance with the aforementioned trading orders and the rules of the Hong Kong Stock Exchange.

According to the Guide to the Program for Full Circulation of H-shares, upon the completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Participating Shareholders, will all be conducted separately.

OVERVIEW

We are a top-tier surgical robot company dedicated to designing, developing and commercializing surgical robots to assist surgeons in performing complex surgical procedures. According to Frost & Sullivan, we are the only company in the industry worldwide with a product portfolio covering the five major and fast-growing surgical specialties of laparoscopic, orthopedic, panvascular, natural orifice and percutaneous surgical procedures. Our Group's history could be traced back to 2014 when we commenced the research and development for the laparoscopic surgical robot as an incubation project within the MicroPort Group. Since our inception, we have established an innovative surgical robot platform, enabling us to conduct day-to-day research and development of pipeline products, operate clinical trials and build up our manufacturing and assembly capabilities.

KEY MILESTONES

The following table sets forth the key milestones of our business development:

Year	Key milestones and achievements
2014	We commenced the research and development for the laparoscopic surgical robot as an incubation project within the MicroPort Group in April 2014.
2015	Our Company was established in the PRC as a limited liability company in May 2015. We commenced the feasibility study of Honghu (鴻鵠®) Orthopedic Surgical Robot ("*Honghu*") in July 2015.
2016	Toumai® (圖邁®) Laparoscopic Surgical Robot ("*Toumai*") successfully completed the preclinical trial on animal subjects in January 2016.
2017	We completed the design for DFVision® (蜻蜓眼®) 3D Electronic Laparoscope ("*DFVision*") in January 2017.
2018	We took the lead in formulating the first national standard of surgical robots for NMPA together with Shanghai Testing & Inspection Institute for Medical Devices (上海醫療器械檢測所) in April 2018. We completed the design for *Toumai* in June 2018.
2019	*Toumai* and *DFVision* were admitted to the NMPA's innovative medical device special review and approval procedure (also known as the "Green Path") in October 2019 and April 2019, respectively. *Toumai* was used to successfully complete a robot-assisted laparoscopic radical prostatectomy (RALRP) at Dongfang Hospital in Shanghai in November 2019. *DFVision* was used to successfully complete the first cholecystectomy (removal of gallbladder) in October 2019 in the Sir Run Run Shaw Hospital in Hangzhou, Zhejiang, which was the first surgery completed using a Chinese-developed 3D electronic laparoscope.
2020	*Honghu* was admitted to the Green Path in May 2020. We commenced the registrational clinical trial of *Toumai* for application in urologic surgery in June 2020. *Toumai* was used to successfully perform a robot-assisted partial nephrectomy (RAPN) in the Zhejiang Provincial People's Hospital in Hangzhou, Zhejiang in December 2020, the first successful RAPN conducted with a Chinese-developed laparoscopic surgical robot. *Toumai* was used to successfully perform a RAPN adopting a retroperitoneal approach (RPRPN) in Zhongshan Hospital in Shanghai in December 2020, the first successful RPRPN conducted with a Chinese-developed laparoscopic surgical robot.

Year	Key milestones and achievements
	Toumai was used to successfully complete a robot-assisted extraperitoneal radical prostatectomy in Zhongshan Hospital in Shanghai in December 2020, the first successful RALRP adopting this approach conducted with a Chinese-developed laparoscopic surgical robot.
	Toumai was used to successfully complete a single-port RAPN in the Zhejiang Provincial People's Hospital in Hangzhou, Zhejiang in December 2020, the first successful single-port surgery by a Chinese-developed laparoscopic surgical robot.
	We attracted a league of top-tier investors as our Shareholders, such as Zhuhai Gao Ling, CPE, Grand Flight, Creedfont Capital and Biolink Investment.
	We established strategic partnerships with France-based Robocath and Singapore-based NDR and Biobot.
2021	We established joint venture companies with Robocath, NDR and Biobot in the PRC.
	We completed the registrational clinical trial of *Toumai* for application in urologic surgery in May 2021. We submitted an NMPA registration application in May 2021, which was accepted by the NMPA in June 2021.
	DFVision was approved by the NMPA in June 2021.
	We successfully completed the registrational clinical trial for *Honghu* and submitted an NMPA registration application in July 2021.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Establishment of our Company and initial shareholding changes

Our Company was established by MicroPort Investment, a wholly owned subsidiary of MicroPort, in the PRC as a limited liability company on May 11, 2015 with an initial registered capital of RMB450,000. The initial capital contribution was fully paid by MicroPort Investment on August 7, 2015.

Pursuant to a capital increase agreement dated October 18, 2017 entered into between MicroPort Investment and Shanghai Qingmin, the registered capital of our Company was increased from RMB450,000 to RMB32,250,000, with each of MicroPort Investment and Shanghai Qingmin contributing RMB26,960,000 and RMB4,840,000, which was fully paid on January 19, 2018 and August 6, 2020, respectively. Shanghai Qingmin is our employee stock ownership platform. For details, see "—Our Employee Stock Ownership Platforms" below. Upon obtaining our updated business license on November 3, 2017, our Company became owned as to 85% by MicroPort Investment and 15% by Shanghai Qingmin.

As part of intra-group restructuring, MicroPort Investment transferred its 85% equity interest in our Company to its wholly owned subsidiary, namely Shanghai Latent, at a total consideration of RMB10,000,000. On December 4, 2018, our Company became owned as to 85% by Shanghai Latent and 15% by Shanghai Qingmin. The aforesaid consideration was fully settled by Shanghai Latent on May 24, 2019.

Pursuant to a capital increase agreement dated December 10, 2018 entered into among the then shareholders of our Company, Shanghai Qinghe and Shanghai Changlong, Shanghai Qinghe agreed to make a capital injection in our Company of RMB3,980,188 at a total consideration of RMB59,240,000 and Shanghai Changlong agreed to make a capital injection in our Company of

RMB4,082,313 at a total consideration of RMB60,760,000. The consideration was determined with reference to the research and development progress of our products and our business prospects and was fully settled by Shanghai Changlong and Shanghai Qinghe on November 29, 2019 and on March 23, 2020, respectively. The portion of the consideration not contributed to the registered capital of our Company was contributed to its capital reserve. Shanghai Qinghe is our employee stock ownership platform. For details, see "—Our Employee Stock Ownership Platforms" below. Shanghai Changlong was the then general partner of Shanghai Qinghe and ceased to be its general partner in August 2020. As of the Latest Practicable Date, Shanghai Changlong was a wholly owned subsidiary of Pepper Tree MediNet (Shanghai) Corp., which was in turn a subsidiary of Real & Realistic Foundation Limited ("Real & Realistic"), an Independent Third Party. Real & Realistic is a company limited by guarantee with no share capital incorporated in Hong Kong. It is a charity foundation focused on advancing and promoting science and education and has no beneficial owner and ultimate controller. Our Company became owned by the following shareholders on January 8, 2019:

Name of Shareholder	**Registered Capital**	**Shareholding percentage**
Shanghai Latent	RMB27,410,000	67.99%
Shanghai Qingmin	RMB4,840,000	12.01%
Shanghai Qinghe	RMB3,980,188	9.87%
Shanghai Changlong	RMB4,082,313	10.13%
Total	**RMB40,312,501**	**100%**

Pursuant to a capital increase agreement (the "SQSM Capital Increase Agreement") dated April 3, 2020 entered into among the then shareholders of our Company, Shanghai Qingxing and Shanghai Maijin Enterprise Management Consultation Center (LLP) (上海邁錦企業管理諮詢中心（有限合夥）) ("Shanghai Maijin"), Shanghai Qingxing agreed to make a capital injection of RMB1,612,500 in our Company at a consideration of RMB40,000,000 and Shanghai Maijin agreed to make a capital injection in our Company of RMB403,125 at a consideration of RMB10,000,000. The consideration was determined with reference to the research and development progress of our products and our business prospects, and having taken into account that our Company is a subsidiary of Microport and the beneficial owners of Shanghai Qingxing and Shanghai Maijin at that time were also employees of our Company and the MicroPort Group. For the purpose of adjusting the shareholding structure between Shanghai Qingxing and Shanghai Maijin, Shanghai Qingxing and Shanghai Maijin entered into a share transfer agreement on June 22, 2020, pursuant to which Shanghai Qingxing agreed to transfer 0.11% of the equity interest in our Company to Shanghai Maijin at nil consideration as Shanghai Qingxing had yet to pay the consideration under the SQSM Capital Increase Agreement at the relevant time. The consideration under the SQSM Capital Increase Agreement (as adjusted pursuant to the share transfer agreement) was fully settled by Shanghai Qingxing on July 10, 2020 and by Shanghai Maijin on June 19, 2020 and July 10, 2020. The portion of the consideration not contributed to the registered capital of our Company was contributed to its capital reserve. Shanghai Qingxing is our employee stock ownership platform. For details, see "— Our Employee Stock Ownership Platforms" below. Shanghai Maijin is a stock ownership platform of the employees of the MicroPort Group. It is regarded as one of our Pre-IPO Investors as the beneficial owners of Shanghai Maijin are solely employees of the MicroPort Group. See "—Pre-IPO Investments" below for more information of Shanghai Maijin.

In June 2020, Shanghai Qinghe transferred 0.08% of the equity interest in our Company to Shanghai Changlong at a consideration of RMB500,000, which was determined based on the capital

contribution made by Shanghai Qinghe and fully settled on August 14, 2020. Our Company became owned by the following shareholders on June 23, 2020:

Name of Shareholder	Registered Capital	Shareholding percentage[1]
Shanghai Latent	RMB27,410,000	64.76%
Shanghai Qingmin	RMB4,840,000	11.43%
Shanghai Qinghe	RMB3,946,594	9.32%
Shanghai Changlong	RMB4,115,907	9.72%
Shanghai Qingxing	RMB1,568,156	3.70%
Shanghai Maijin	RMB447,469	1.06%
Total	**RMB42,328,126**	**100%**

Note:

(1) The percentage figures in the above table do not add up to 100% due to rounding of the percentage figures to two decimal places.

Series A Investment and Series B Investment

Series A Investors and Series B Investors (as defined below) were brought into our Company between August 2020 and November 2020 through share subscription, share transfer or capital injection, as detailed below.

Series A Investment

August 31, 2020

Our Company, Shanghai Latent and Shanghai Changlong entered into a capital increase and share transfer agreement (the "Series A Investment Agreement") with Zhuhai Gao Ling Chongheng Equity Investment LLP (珠海高瓴崇恒股權投資合夥企業(有限合夥)) ("Gao Ling Chongheng"), Tianjin Ronghao Enterprise Management LLP (天津鎔浩企業管理合夥企業(有限合夥)) ("Tianjin Ronghao"), Jiaxing Biolink Hongrun VC Investment LLP (嘉興貝霖泓潤創業投資合夥企業(有限合夥)) ("Jiaxing Biolink"), Tianjin Yuanyi Yuanfu Enterprise Management Center (LLP) (天津遠翼元福企業管理中心(有限合夥)) ("Yuanyi Yuanfu"), Yifang Huida VC (Guangdong) LLP (易方慧達創業投資(廣東)合夥企業(有限合夥)) ("Yifang Huida") and Yifang Yida VC (Guangdong) LLP (易方易達創業投資(廣東)合夥企業(有限合夥)) ("Yifang Yida", previous known as Yifang Yida (Guangdong) Investment LLP (易方易達(廣東)投資合夥企業(有限合夥))), pursuant to which Shanghai Latent and Shanghai Changlong agreed to transfer an aggregate of approximately 9.52% of the then equity interest in our Company at a total consideration of RMB2 billion to the aforesaid investors as follows:

Name of Transferor	Name of Transferee	Registered capital transferred	Consideration	Date on which the consideration was fully settled in cash
Shanghai Latent	Gao Ling Chongheng	RMB1,554,911	RMB771,428,571	September 17, 2020
	Tianjin Ronghao	RMB691,071	RMB342,857,143	November 13, 2020
	Jiaxing Biolink	RMB345,536	RMB171,428,571	October 9, 2020
	Yuanyi Yuanfu	RMB276,429	RMB137,142,857	September 21, 2020
	Yifang Huida	RMB112,299	RMB55,714,286	September 23, 2020
	Yifang Yida	RMB43,192	RMB21,428,571	September 24, 2020
Shanghai Changlong	Gao Ling Chongheng	RMB518,304	RMB257,142,857	September 17, 2020
	Tianjin Ronghao	RMB230,357	RMB114,285,665	October 21, 2020
	Jiaxing Biolink	RMB115,179	RMB57,142,857	September 18, 2020
	Yuanyi Yuanfu	RMB92,143	RMB45,714,335	September 22, 2020
	Yifang Huida	RMB37,433	RMB18,571,429	September 22, 2020
	Yifang Yida	RMB14,397	RMB7,142,857	September 24, 2020
Total		**RMB4,031,251**	**RMB2,000,000,000**	

Further, pursuant to the Series A Investment Agreement, the aforesaid investors agreed to make a total capital contribution of RMB1.5 billion to our Company, among which RMB3,023,438 was contributed to registered capital of our Company and RMB1,496,976,562 was contributed to its capital reserve.

Name of Shareholder	Registered capital	Consideration	Date on which the consideration was fully settled in cash
Gao Ling Chongheng	RMB1,554,911	RMB771,428,571	September 17, 2020
Tianjin Ronghao	RMB691,071	RMB342,857,143	September 29, 2020
Jiaxing Biolink	RMB345,536	RMB171,428,571	September 18, 2020
Yuanyi Yuanfu	RMB276,429	RMB137,142,857	September 18, 2020
Yifang Huida	RMB112,299	RMB55,714,286	September 23, 2020
Yifang Yida	RMB43,192	RMB21,428,571	September 24, 2020
Total	**RMB3,023,438**	**RMB1,500,000,000**	

September 7, 2020

Shanghai Qinghe entered into a share transfer agreement with Shanghai Guofang Weili Enterprise Management LLP (上海國方微理企業管理合夥企業(有限合夥)) ("Guofang Weili") and Shanghai Runkun Tianlu Investment Management LLP (上海潤昆天祿投資管理合夥企業(有限合夥)) ("Runkun Investment"), pursuant to which Shanghai Qinghe agreed to transfer an aggregate of approximately 0.44% of the then equity interest in our Company to Guofang Weili and Runkun Investment at a total consideration of RMB100 million, which was fully settled on September 30, 2020.

October 20, 2020

Runkun Investment and Shanghai Runkun Tianlu Enterprise Management Center (LLP) (上海潤昆天祿企業管理中心(有限合夥)) ("Runkun Tianlu"), an associate of Runkun Investment, entered into a share transfer agreement, pursuant to which Runkun Investment transferred its entire equity interest of our Company to Runkun Tianlu at a consideration of RMB30,000,000, which is equal to the total investment made by Runkun Investment in our Company. Runkun Investment is a limited partnership established in the PRC and managed by Mr. Zhu Xinkun (朱心坤), who is also the general partner of Runkun Tianlu. Upon completion of the aforesaid transfer, Runkun Tianlu became a shareholder of our Company.

In addition, Jiaxing Biolink and Hainan Biolink Hongjiu Enterprise Management LLP (海南貝霖泓玖企業管理合夥企業(有限合夥)) ("Hainan Biolink"), an associate of Jiaxing Biolink, entered into a share transfer agreement, pursuant to which Jiaxing Biolink agreed to transfer its entire equity interest of our Company to Hainan Biolink at a consideration of RMB400,000,000, which was determined with reference to the total investment made by Jiaxing Biolink in our Company. Jiaxing Biolink is a limited partnership established in the PRC, the general partner of which is Biolink Investment. Biolink Investment is also the general partner of Hainan Biolink. Upon completion of the aforesaid transfer, Hainan Biolink became a shareholder of our Company.

Furthermore, our Company and Shanghai Latent entered into a capital increase agreement with Shanghai Science Technology Venture Capital (Group) Co., Ltd. (上海科技創業投資（集團）有限公司) ("STVC Group"), pursuant to which STVC Group agreed to make a capital contribution of RMB8,520,000 in our Company, among which RMB17,173 was contributed to registered capital of our Company and RMB8,502,827 was contributed to its capital reserve. The consideration was fully settled on October 23, 2020.

Gao Ling Chongheng, Tianjin Ronghao, Hainan Biolink, Yuanyi Yuanfu, Yifang Huida, Yifang Yida, Guofang Weili, Runkun Tianlu and STVC Group are collectively referred as "Series A Investors."

Series B Investment

October 28, 2020

Shanghai Changlong entered into a share transfer agreement with Shenzhen Xinlong Investment LLP (深圳芯龍投資合夥企業(有限合夥)) ("Shenzhen Xinlong"), Huimei Kangwei (Tianjin) Enterprise Management Consultation Partnership (LLP) (惠每康微(天津)企業管理諮詢合夥企業(有限合夥)) ("Huimei Kangwei"), Huimei Kangqi (Tianjin) Enterprise Management Consultation Partnership (LLP) (惠每康麒(天津)企業管理諮詢合夥企業(有限合夥)) ("Huimei Kangqi"), Guangdong Yifang Xinda Equity Investment LLP (廣東易方欣達股權投資合夥企業(有限合夥)) ("Yifang Xinda"), Zhuhai Gao Ling Jiangheng Equity Investment LLP (珠海高瓴絳恒股權投資合夥企業(有限合夥)) ("Gao Ling Jiangheng"), Shanghai Heyi Enterprise Management LLP (上海合詣企業管理合夥企業(有限合夥)) ("Shanghai Heyi") and Shanghai Huaiang Assets Management LLP (上海懷昂資產管理合夥企業(有限合夥)) ("Shanghai Huaiang") (collectively, the "Series B Investors"), pursuant to which Shanghai Changlong agreed to transfer an aggregate of approximately 2.00% of the then equity interest in our Company to the Series B Investors at a total consideration of RMB500 million as follows:

Name of Transferor	Name of Transferee	Registered capital transferred	Consideration	Date on which the consideration was fully settled in cash
Shanghai Changlong	Shenzhen Xinlong	RMB272,212	RMB150,000,000	November 18, 2020
	Huimei Kangwei	RMB181,475	RMB100,000,000	November 16, 2020
	Yifang Xinda	RMB127,032	RMB70,000,000	December 23, 2020
	Huimei Kangqi	RMB90,737	RMB50,000,000	November 16, 2020
	Gao Ling Jiangheng	RMB90,737	RMB50,000,000	November 12, 2020
	Shanghai Heyi	RMB90,737	RMB50,000,000	November 10, 2020
	Shanghai Huaiang	RMB54,442	RMB30,000,000	November 3, 2020
Total		**RMB907,372**	**RMB500,000,000**	

The consideration of the Series A Investment and the Series B investment was determined based on arm's-length negotiations between our Company and the relevant Pre-IPO Investors with reference to, among others, the potential growth of the global market in surgical robots and the landscape of PRC's surgical robots market, the research and development capabilities of our Company and the milestones our Company has achieved or expects to achieve. For further details on the investments made by the Pre-IPO Investors and their background information, see "—Pre-IPO Investments."

Equity transfer between Shanghai Qinghe and Shanghai Yajian

As part of our reorganization, on November 12, 2020, Shanghai Qinghe transferred approximately 5.46% of the equity interest in our Company to Shanghai Yajian. For details, see "—Reorganization" below.

Upon completion of the Pre-IPO Investments and the above share transfer, our Company became owned by the following Shareholders on November 12, 2020:

No.	Name of Shareholder	Registered Capital	Approximate shareholding
1	Shanghai Latent	RMB24,386,562	53.75%
2	Shanghai Qingmin	RMB4,840,000	10.67%
3	Gao Ling Chongheng	RMB3,628,126	8.00%
4	Shanghai Yajian	RMB2,476,589	5.46%
5	Shanghai Changlong	RMB2,200,722	4.85%

No.	Name of Shareholder	Registered Capital	Approximate shareholding
6	Tianjin Ronghao	RMB1,612,499	3.55%
7	Shanghai Qingxing	RMB1,568,156	3.46%
8	Shanghai Qinghe	RMB1,268,442	2.80%
9	Hainan Biolink	RMB806,251	1.78%
10	Yuanyi Yuanfu	RMB645,001	1.42%
11	Shanghai Maijin	RMB447,469	0.99%
12	Shenzhen Xinlong	RMB272,212	0.60%
13	Yifang Huida	RMB262,031	0.58%
14	Huimei Kangwei	RMB181,475	0.40%
15	Guofang Weili	RMB141,094	0.31%
16	Yifang Xinda	RMB127,032	0.28%
17	Yifang Yida	RMB100,781	0.22%
18	Himei Kangqi	RMB90,737	0.20%
19	Gao Ling Jiangheng	RMB90,737	0.20%
20	Shanghai Heyi	RMB90,737	0.20%
21	Runkun Tianlu	RMB60,469	0.13%
22	Shanghai Huaiang	RMB54,442	0.12%
23	STVC Group	RMB17,173	0.04%
Total		**RMB45,368,737**	**100%**

Other shareholding changes

We converted into a joint stock limited liability company with 900,000,000 Shares on December 31, 2020. For details, see "—Reorganization" below. On March 22, 2021, the Shares were further increased to 916,963,831, the additional of which was subscribed by Shanghai Qingzhen at a consideration of RMB28,650,025 and was fully settled on April 23, 2021. Shanghai Qingzhen is our employee stock ownership platform. For details, see "—Our Employee Stock Ownership Platforms" below.

Upon completion of all the above, our Company became owned by the following Shareholders on March 24, 2021:

No.	Name of shareholder	Number of Shares	Approximate shareholding
1.	Shanghai Latent	483,767,176	52.76%
2.	Shanghai Qingmin	96,013,252	10.47%
3.	Gao Ling Chongheng	71,972,764	7.85%
4.	Shanghai Yajian	49,129,208	5.36%
5.	Shanghai Changlong	43,656,710	4.76%
6.	Tianjin Ronghao	31,987,866	3.49%
7.	Shanghai Qingxing	31,108,214	3.39%
8.	Shanghai Qinghe	25,162,653	2.74%
9.	Hainan Biolink	15,993,963	1.74%
10.	Yuanyi Yuanfu	12,795,174	1.40%
11.	Shanghai Maijin	8,876,643	0.97%
12.	Shenzhen Xinlong	5,399,992	0.59%
13.	Yifang Huida	5,198,027	0.57%
14.	Huimei Kangwei	3,600,001	0.39%
15.	Guofang Weili	2,798,945	0.31%
16.	Yifang Xinda	2,519,991	0.27%
17.	Yifang Yida	1,999,238	0.22%
18.	Huimei Kangqi	1,799,991	0.20%
19.	Gao Ling Jiangheng	1,799,991	0.20%
20.	Shanghai Heyi	1,799,991	0.20%
21.	Runkun Tianlu	1,199,551	0.13%

No.	Name of shareholder	Number of Shares	Approximate shareholding
22.	Shanghai Huaiang	1,079,990	0.12%
23.	STVC Group	340,669	0.04%
24.	Shanghai Qingzhen	16,963,831	1.85%
Total		**916,963,831**	**100%**

Concert Party Agreement

On March 31, 2021, Shanghai Latent and Shanghai Qingzhen entered into a concert party agreement (the "Concert Party Agreement"), pursuant to which Shanghai Latent and Shanghai Qingzhen agreed to act in concert by aligning their votes at Shareholders' meetings of our Company and in the event that they are unable to reach consensus on any matter presented, Shanghai Qingzhen shall vote in accordance with the direction of Shanghai Latent. The Concert Part Agreement has a term of three years commencing from the date of its execution. As of the Latest Practicable Date, Shanghai Latent and Shanghai Qingzhen were in aggregate interested in approximately 54.61% of the equity interest in our Company.

Our PRC Legal Advisors have confirmed that the above mentioned equity transfers, capital increase and joint-stock reform have been properly and legally completed in all material aspects and all requisite regulatory approvals have been obtained in accordance with the applicable PRC laws and regulations.

OUR MAJOR SUBSIDIARIES AND JOINT VENTURE COMPANIES

As of the Latest Practicable Date, our Group was carrying out our business through the following major subsidiaries and joint venture companies.

Major Subsidiaries

OrthoBot Suzhou

OrthoBot Suzhou was established by our Company in the PRC on July 2, 2019 with an initial registered capital of RMB10,000,000. It is principally engaged in the R&D and commercialization of our orthopedic surgical robots.

NaviBot US

NaviBot US was incorporated under the laws of the State of Delaware, the U.S., on April 2, 2020, which is a wholly owned subsidiary of NaviBot HK. It is principally engaged in the early-stage research of orthopedic surgical robots. See "—Reorganization" below for more information.

Joint Venture Companies

Shanghai Cathbot

Shanghai Cathbot was established in the PRC by our Company and Robocath, a France-based medical robotic company, on March 19, 2021, to jointly develop, manufacture and commercialize Robocath products and to distribute imported Robocath products in Greater China. As of the Latest Practicable Date, Shanghai Cathbot was owned as to 51% by our Company and 49% by Robocath. For details, see "Business—Collaboration with Third Parties."

Shanghai Targbot

Shanghai Targbot was established in the PRC by our Company and NDR, a Singapore-based surgical robot company, on February 4, 2021, to jointly develop, manufacture and commercialize NDR products and to distribute imported NDR products in Greater China. As of the Latest Practicable

Date, Shanghai Targbot was owned as to 41% by our Company, 39% by NDR and 20% by Shanghai Youlong Enterprise Consultation Center LLP (上海佑隆企業管理諮詢中心（有限合夥）), a connected person of our Company. For details, see "Business—Collaboration with Third Parties."

Shanghai Intbot

Shanghai Intbot was established in the PRC by our Company and Biobot, a Singapore-based surgical robot company, on March 12, 2021, to jointly develop, manufacture and commercialize Biobot products and to distribute imported Biobot products in Greater China. As of the Latest Practicable Date, Shanghai Intbot was owned as to 40% by our Company, 30% by Biobot and 30% by Shanghai Lingmin Enterprise Consultation Center LLP (上海羚敏企業管理諮詢中心（有限合夥）), a connected person of our Company. For details, see "Business—Collaboration with Third Parties."

REORGANIZATION

In preparation for the Listing, the following steps were implemented to establish our Group (the "**Reorganization**").

Acquisition of NaviBot HK

On July 10, 2020, OrthoBot Suzhou acquired the entire equity interest in NaviBot HK, the holding company of NaviBot US, from MicroPort at a consideration of RMB100,000, which was determined with reference to the aggregate issued share capital of NaviBot HK. Immediately following the completion of the aforesaid share transfer, NaviBot HK and NaviBot US became wholly owned subsidiaries of our Company. NaviBot HK was incorporated by MicroPort under the laws of Hong Kong on March 31, 2020 as an investment holding company. NaviBot HK has been the holding company of NaviBot US since its inception.

Equity transfer between Shanghai Qinghe and Shanghai Yajian

Shanghai Qinghe has been a Shareholder of our Company since January 2019. The then limited partners of Shanghai Qinghe included employees of the MicroPort Group. As part of our reorganization, Shanghai Yajian was established as a stock ownership platform of the aforesaid employees of the MicroPort Group. On November 12, 2020, Shanghai Qinghe transferred approximately 5.46% of the equity interest in our Company representing the total equity interest held by such employees of the MicroPort Group in our Company to Shanghai Yajian at a consideration of RMB36,896,935. The consideration was determined with reference to the cost per share paid by Shanghai Qinghe and fully settled on February 22, 2021.

Conversion into a joint stock limited liability company

On December 29, 2020, the then Shareholders of our Company passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock limited liability company and the change of name of our Company from MicroPort MedBot (Shanghai) Co., Ltd. (微創(上海)醫療機器人有限公司) to Shanghai MicroPort MedBot (Group) Co., Ltd. (上海微创医疗机器人(集团)股份有限公司). Pursuant to the promoters' agreement dated December 30, 2020 entered into by all the then Shareholders, all promoters approved the conversion of the net asset value of our Company as of November 30, 2020 into 900,000,000 Shares at a ratio of 1.6875:1. On December 30, 2020, our Company convened our inaugural meeting and our first general meeting, and passed related resolutions approving the conversion into a joint stock limited liability company and the articles of

association. Upon completion of such conversion, the registered capital of our Company became RMB900,000,000 divided into 900,000,000 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective equity interest in our Company before the conversion. The conversion was completed on December 31, 2020.

Incorporation of MicroPort InterBot

MicroPort InterBot was incorporated by our Company under the laws of the British Virgin Island on November 26, 2020 as an investment holding company for holding certain interests in NDR and Biobot.

ACQUISITIONS DURING THE TRACK RECORD PERIOD

Acquisition of certain interests in Robocath

Our Company and Milford Haven Global Limited ("Milford Haven"), a wholly owned subsidiary of MicroPort, entered into an agreement and a supplemental agreement dated August 6, 2020 and February 26, 2021, respectively, pursuant to which our Company agreed to acquire the entire equity interest in MicroPort Medical from Milford Haven at a consideration of EUR13,569,733 which was determined on an arm's-length basis. At the time of such acquisition, MicroPort Medical was the holder of certain preferred shares (the "Robocath Preferred Shares") and certain warrants of Robocath (the "Robocath Warrants"). The consideration for our acquisition of MicroPort Medical is equal to the consideration paid by MicroPort Medical for the subscription of the Robocath Preferred Shares and certain Robocath Warrants, which was determined on an arm's-length basis and on normal commercial terms, having taken into account the historical performance, the R&D capabilities in the area of panvascular surgical robots and the business prospects of Robocath and was fully settled in cash on March 2, 2021. As of the Latest Practicable Date, MicroPort Medical held approximately 16.03% of the issued share capital of Robocath, and it had yet to exercise its remaining rights in the Robocath Warrants. The other shareholders of Robocath are Independent Third Parties.

Acquisition of certain interests in NDR

Pursuant to a share transfer agreement dated September 11, 2020 and a supplemental agreement dated February 26, 2021 entered into between our Company and MicroPort, our Company agreed to acquire through MicroPort InterBot 60,485 series A preference shares and 17,034 ordinary shares of NDR at a total consideration of S$7,780,000, which was fully settled in cash by MicroPort InterBot on March 3, 2021. The consideration is equal to the consideration paid by MircoPort for such interests in NDR, which were acquired between May 2020 and October 2020. The aforesaid share transfer was completed on March 23, 2021. As of the Latest Practicable Date, MicroPort InterBot held approximately 28.16% of the issued share capital of NDR. The other shareholders of NDR are Independent Third Parties.

Acquisition of certain interests in Biobot

On November 26, 2020, our Company entered into a subscription agreement (the "Biobot Subscription Agreement") with Biobot and its shareholders, pursuant to which our Company conditionally agreed to subscribe for 6,801,355 preference shares of Biobot at a total consideration of S$10,000,000. The consideration was determined based on the arm's length negotiation among the parties after taking into account the research and development capabilities of Biobot in the area of minimally invasive medical robotics and its future prospects and fully settled in cash on April 26, 2021. A shareholders agreement was also entered into among us and other shareholders of Biobot on April 26, 2021. Our Company assigned its

rights and benefits under the Biobot Subscription Agreement to MicroPort InterBot on February 3, 2021. As of the Latest Practicable Date, MicroPort InterBot held approximately 17.72% of the issued share capital of Biobot. The other shareholders of Biobot are Independent Third Parties.

None of the applicable percentage ratios as defined under the Listing Rules in respect of any of the above acquisition exceeds 25% which would require disclosure under Rule 4.05(A) of the Listing Rules.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed above, we did not conduct any acquisitions, disposals and mergers that we consider to be material to us.

OUR EMPLOYEE STOCK OWNERSHIP PLATFORMS

For the purpose of rewarding our employees at the relevant time for their contribution or potential contribution to our Group, Shanghai Qingmin, Shanghai Qingxing, Shanghai Qinghe and Shanghai Qingzhen have been established as our employee stock ownership platforms in the PRC.

Shanghai Qingmin was established in the PRC as a limited partnership on March 30, 2017. As of the Latest Practicable Date, Dr. He Chao (何超), our executive Director and president, was the general partner of Shanghai Qingmin and held approximately 83.50% of the interest in Shanghai Qingmin as a limited partner. The remaining 42 limited partners of Shanghai Qingmin are employees and former employees of our Group. The voting rights of the Shares held by Shanghai Qingmin are controlled and exercisable by its general partner.

Shanghai Qingxing was established in the PRC as a limited partnership on March 6, 2018. As of the Latest Practicable Date, Mr. Zhu Xiang (朱祥), our senior R&D director and head of the surgical robot engineering research center, was the general partner of Shanghai Qingxing and the limited partners comprised 105 employees and former employees of our Group. Dr. He Chao held approximately 0.03% of the interest and Shanghai Songqing Enterprise Consulting Center (LLP) (上海頌擎企業管理諮詢中心(有限合夥)) ("Shanghai Songqing") held approximately 35.87% of the interest in Shanghai Qingxing. None of the other limited partners held 30% or more of the interest in Shanghai Qingxing. As of the Latest Practicable Date, Mr. Yuan Shuai (袁帥), our Supervisor, was the general partner of Shanghai Songqing and Dr. He Chao held approximately 32.07% of the interest in Shanghai Songqing as a limited partner. No other limited partners held 30% or more of the interest in Shanghai Songqing. The voting rights of the Shares held by Shanghai Qingxing are controlled and exercisable by its general partner.

Shanghai Qinghe was established in the PRC as a limited partnership on March 29, 2018. As of the Latest Practicable Date, Mr. Yuan Shuai was the general partner of Shanghai Qinghe and the limited partners comprised 45 employees and former employees of the our Group. Dr. He Chao held approximately 43.12% of the interests and Shanghai Qingyin Enterprise Consulting Center (LLP) (上海擎印企業管理諮詢中心(有限合夥)) ("Shanghai Qingyin") held approximately 52.96% of the interest in Shanghai Qinghe. Dr. He Chao was the general partner of Shanghai Qingyin and Mr. Yuan Shuai held approximately 11.39% of the interest in Shanghai Qingyin. None of the other limited partners held 30% or more of the interest in Shanghai Qinghe. The voting rights of the Shares held by Shanghai Qinghe are controlled and exercisable by its general partner.

Shanghai Qingzhen was established in the PRC as a limited partnership on November 3, 2020. As of the Latest Practicable Date, Mr. Yuan Shuai was the general partner of Shanghai Qingzhen and the limited partners comprised 69 employees of the our Group including Dr. He who held

approximately 54.05% of the interests in Shanghai Qingzhen. None of the other limited partners held 30% or more of the interest in Shanghai Qingzhen. The voting rights of the Shares held by Shanghai Qingzhen are controlled and exercisable by its general partner. On March 31, 2021, Shanghai Latent and Shanghai Qingzhen entered into the Concert Party Agreement to align their votes at Shareholders' meetings of our Company. See "Major Shareholding Changes of our Company—Concert Party Agreement" above for details.

PRE-IPO INVESTMENTS

Overview

Our Company obtained several rounds of investment from the Pre-IPO Investors, including Zhuhai Gao Ling, CPE and Grand Flight as the Sophisticated Investors and other Pre-IPO Investors, details of which are set out below.

Principal Terms of the Pre-IPO Investments

Name of Pre-IPO Investor(s)	Shanghai Maijin[4]	Series A Investors	Series B Investors
Date of the investment	April 3, 2020	August 31, 2020 September 7, 2020 October 20, 2020	October 28, 2020
Amount of consideration paid	RMB11.10 million	RMB3,608.52 million	RMB500.00 million
Post-money valuation of our Company[1]	RMB1.05 billion	RMB22.51 billion	RMB25.00 billion
Date of payment of full consideration	July 10, 2020	November 13, 2020	December 23, 2020
Cost per Share paid under the Pre-IPO Investments[2]	RMB1.25	RMB25.01	RMB27.78
Discount to the mid-point of the indicative Offer Price Range[3]	Approximately 96.2%	Approximately 24.2%	Approximately 15.8%
Shareholding in our Company immediately upon completion of the Global Offering	See "—Shareholding and Corporate Structure" for the shareholding in our Company held by the Pre-IPO Investors immediately after completion of the Global Offering.		
Use of proceeds	The proceeds raised have been used for our Company's R&D and daily operations, including R&D of surgical robots and working capital. As of the Latest Practicable Date, we had utilized approximately 58% of the net proceeds from the Pre-IPO Investments.		
Lock-up	All current Shareholders (including the Pre-IPO Investors) are subject to a lock-up period of 12 months following the Listing Date according to the PRC Company Law.		
Strategic benefits of the Pre-IPO Investors brought to our Company	Our Directors are of the view that (i) our Company would benefit from the additional capital provided by the Pre-IPO Investors for our research and development, construction of production facilities and daily operations, as well as the knowledge and experience of our Pre-IPO Investors; and (ii) the Pre-IPO Investments have broadened our shareholder base and demonstrated the Pre-IPO Investors' confidence in the research and development capacities and prospects of our Group. Moreover, our Pre-IPO Investors include experienced investors in the area of biotech and/or healthcare industry, who can share their insight on business strategies and provide professional advice on our Group's corporate governance, financial reporting and internal control.		

Notes:

(1) The increase from our post-money valuation of Shanghai Maijin's investment to our post-money valuation upon completion of Series A Investment and Series B Investment mainly resulted from the progress of research and development of our products, the milestones we achieved and expect to achieve and the general market prospects and our business plan. For instance, we commenced our registrational clinical trial of *Toumai* for urologic surgeries in June 2020. Also, in June 2020, *Honghu* was admitted to the Green Path. We completed the first surgery for *Honghu* in Ninth People's Hospital of Shanghai Jiaotong University School of Medicine on June 30, 2020. The registration application of DFVision was submitted to NMPA in August 2020. We commenced a registrational clinical trial of *Honghu* for TKA in September 2020.

(2) The cost per Share was adjusted with reference to the conversion of our Company from a limited liability company to a joint stock limited liability company in December 2020.

(3) The discount is calculated based on the Offer Price of HK$39.60 per Offer Share, being the mid-point of the indicative Offer Price range.

(4) Shanghai Maijin is regarded as a Pre-IPO Investor as it is an employee stock ownership platform of the MicroPort Group. The source of funding of the investment by Shanghai Maijin in our Company is from the employees of the MicroPort Group. The cost per share paid by Shanghai Maijin in our Company is equivalent to the cost per share paid by Shanghai Qingxing, an employee stock ownership platform of our Company. See "Major Shareholding Changes of our Company—Establishment of our Company and initial shareholding changes" above for more details. Shanghai Maijin does not have any special right under the shareholders agreement(s) entered into among our Company and the then Shareholders. As such, the investment made by Shanghai Maijin in our Company is not different from the employee stock ownership platforms of our Company in terms of rights in our Company.

Our PRC Legal Advisors have confirmed that the Pre-IPO Investments were conducted in compliance with all applicable PRC laws and regulations.

Background Information of the Pre-IPO Investors

Each of our Pre-IPO Investors is an Independent Third Party. The background information of our Pre-IPO Investors is set out below:

Name of Pre-IPO Investors	Background
Gao Ling Chongheng and Gao Ling Jiangheng	Each of Gao Ling Chongheng and Gao Ling Jiangheng is a limited partnership established in the PRC, the general partner of which is Shenzhen Gao Ling Tiancheng Phase III Investment Co., Ltd. (深圳高瓴天成三期投資有限公司) and the investment manager of which is Zhuhai Gao Ling. Zhuhai Gao Ling partners with exceptional entrepreneurs and management teams to create value with a focus on enacting innovation and technological transformation. Zhuhai Gao Ling invests in the healthcare, consumer, consumer technology, TMT, financials and business services sectors in companies across all equity stages. Zhuhai Gao Ling is a Sophisticated Investor.
Tianjin Ronghao	Tianjin Ronghao is a limited partnership established in the PRC, the general partner of which is CPE. Tianjin Ronghao is managed and controlled by CPE. Tianjin Ronghao is an investment vehicle of the private equity funds managed by CPE. With a long-term vision and value investment strategy, CPE provides innovative investment solutions to leading firms from the following four key sectors – healthcare, consumer and internet, technology and industrial, software and enterprise services. Currently with its successful long-term performance, CPE's funds under management are supported by over 200 domestic and international institutional investors across North America, Europe, Asia and the Middle East. It has an outstanding track record in multiple USD and RMB funds with assets under management exceeding RMB120 billion. CPE is a Sophisticated Investor.

Name of Pre-IPO Investors	Background
Yuanyi Yuanfu	Yuanyi Yuanfu is a limited partnership established in the PRC, the general partner of which is Tianjin Yuanyi Hong Yang Assets Management Co., Ltd. (天津遠翼宏揚資產管理有限公司) ("Tianjin Yuanyi"). Yuanyi Yuanfu is managed and controlled by Tianjin Yuanyi. Tianjin Yuanyi is a wholly owned subsidiary of Grand Flight. Grand Flight was founded in 2015 and sponsored by Far East Horizon Limited (stock code: 3360). It is an emerging venture capital and private equity firm. It focuses on discovering companies in early or expansion stage through its expertise in TMT, education, healthcare, enterprise service and clean technology. Grand Flight's investment portfolios include Peijia Medical Limited, the shares of which are listed on the Stock Exchange (stock code: 9996) and OrigiMed (至本醫療科技), which is a medical science and technology transforming company focusing on developing new technologies and clinical applications for cancer patients. The assets under Grand Flight's management exceeded HK$3 billion. Grand Flight is a Sophisticated Investor.
Hainan Biolink	Hainan Biolink is a limited partnership established in the PRC. It is principally engaged in equity investment in the medical sector. Its general partner is Biolink Investment. Biolink Investment is managed by Mr. Zhu Zirun (朱姿潤) as its general partner and 99% beneficially owned by Ms. Hu Yibin (胡奕彬). There is no ultimate beneficial owner who holds 30% or more interest in the partnership.
Yifang Huida, Yifang Yida and Yifang Xinda	Each of Yifang Huida, Yifang Yida and Yifang Xinda is a limited partnership established in the PRC, which is managed by Creedfont Capital. Creedfont Capital is a professional investment management company controlled by Hengqin Century Fenghui Innovation Investment LLP (橫琴世紀峰匯創新投資合夥企業（有限合夥）) ("Hengqin Century"). The general partner of Hengqin Century is a partnership beneficially owned by Mr. Yan Xiangjun (嚴祥軍). None of the limited partner of Yifang Huida and Yifang Xinda holds 30% or more interest in the partnerships. Except for Mr. He Zhijian (何志堅) holding approximately 40% in Yifang Yida, none of the limited partner of Yifang Yida holds 30% or more interest in the partnership.
Shenzhen Xinlong	Shenzhen Xinlong is a limited partnership established in the PRC. It is principally engaged in the business of investment. The general partner is China Reform Venture Capital Investment Management (Shenzhen) Ltd. (國新風險投資管理（深圳）有限公司). It is held as to 40% by China Reform Fund Management Co., Ltd. (中國國新基金管理有限公司), which is a wholly owned subsidiary of China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司) ("CRHC"). CRHC is controlled by SASAC. The partnership is held as to approximately 98.76% by China Venture Capital Fund Corporation Limited (中國國有資本風險投資基金股份有限公司), in which SASAC holds more than 35% interest.
Huimei Kangwei and Huimei Kangqi	**Huimei Kangwei** Huimei Kangwei is a limited partnership established in the PRC. It is principally engaged in business management and consulting in healthcare. The general partner is Huimei Huakang Health Management (Beijing) Co., Ltd. (惠每華康健康管理（北京）有限公司) ("Huimei Huakang"), which is owned as to 66% by Mr. Luo Rushu (羅如澍) ("Mr. Luo"). The limited partner is Zhongshan Opple Investment Co., Ltd. （中山市歐普投資有限公司）. The ultimate controllers of Zhongshan Opple Investment Co., Ltd. are Mr. Wang Yaohai (王耀海) and Ms. Ma Xiuhui (馬秀慧). **Huimei Kangqi** Huimei Kangqi is a limited partnership established in the PRC. It is principally engaged in business management and consulting in healthcare. The general partner is Huimei Yikang (Tianjin) Investment Management LLP (惠每頤康（天津）投資管理合夥企業（有限合夥）) ("Huimei Yikang"). The general partner of Huimei Yikang is Huimei Huakang, which is owned as to 66% by Mr. Luo. The limited partner is Huimei Jiankang (Tianjin) Private Equity Fund L.P. (惠每健康 （天津）股權投資基金合夥企業（有限合夥）) ("Huimei Jiankang"), which is a private equity fund registered with Asset Management Association of China (中國證券投資基金業協會) ("AMAC") (SGT165). The general partner of Huimei Jiankang is Huimei Yikang. None of the single limited partner holds 30% or more interest in Huimei Jiankang.

Name of Pre-IPO Investors	Background
Guofang Weili	Guofang Weili is a limited partnership established in the PRC and registered as a private equity fund with AMAC (SLX862). It is principally engaged in enterprise management and business consulting. The general partner is Shanghai Guofang Private Equity Management Co., Ltd. (上海國方私募基金管理有限公司) ("Shanghai Guofang"), which is a private equity fund and venture capital manager registered with AMAC (P1065092). Shanghai Guofang has six shareholders. Except for Shanghai International Group Assets Management Co., Ltd. (上海國際集團資產管理有限公司) holding 35% of the equity interest in Shanghai Guofang, none of the other shareholders holds 30% or more equity interest in Shanghai Guofang. Guofang Weili consists of four limited partners. Except for Shanghai Guofang Gouzhu Enterprise Service Center LLP ((上海國方構築企業服務中心)(有限合夥)) holding approximately 42.25% interest, none of the other limited partners holds more than 30% or more interest in Guofang Weili.
Shanghai Heyi	Shanghai Heyi is a limited partnership established in the PRC. It is principally engaged in private equity investments. The general partner is Shanghai Luanque Asset Management Co., Ltd. (上海鑾闕資產管理有限公司). It is a private equity fund manager registered with AMAC (Registration No. P1063444) and ultimately controlled by Mr. Yang Dehong (楊德紅). The limited partners consist of Shanghai Jinghua Culture and Art Development Co., Ltd. (上海敬華文化藝術發展有限公司) ("Shanghai Jinghua"), Shanghai City Commercial Group Co., Ltd. (上海城市商業集團有限公司), Ms. Fang Fei Jun (方飛軍) and Shanghai Bluestone Investment Co., Ltd. (上海藍石投資有限公司). Except for Shanghai Jinghua holding 44.35% of the interest in the partnership, none of the other limited partners holds 30% or more interest in the partnership. The ultimate controller of Shanghai Jinghua is Mr. Wo Wei Dong (沃偉東).
Runkun Tianlu	Runkun Tianlu is a limited partnership established in the PRC. It is principally engaged in the investments of high-end medical equipment. The general partner is Mr. Zhu Xinkun (朱心坤). None of the limited partners hold 30% or more interest in the partnership.
Shanghai Huaiang	Shanghai Huaiang is a limited partnership established in the PRC. It is principally engaged in investments in medical devices and smart cities. The general partner is Shanghai Ruishi Wealth Investment Management Co., Ltd. (上海瑞世財富投資管理有限公司) ("Shanghai Ruishi"). It is a private equity fund manager registered with AMAC (P1067199). Except for Ms. Yang Xiao Rong (楊曉蓉) holding 33.33% of its equity interest, no other shareholder holds 30% or more equity interest in Shanghai Ruishi. None of the limited partners holds 30% or more in the partnership.
STVC Group	STVC Group is a limited liability company established in the PRC. It is principally engaged in investments in venture capital and production industries. It is ultimately owned by Shanghai SASAC.
Shanghai Maijin	Shanghai Maijin is a limited partnership established in the PRC. It is an employee stock ownership platform of the MicroPort Group. The general partner of Shanghai Maijin is an employee of the MicroPort Group and the limited partners of Shanghai Maijin consist of employees of the MicroPort Group, none of whom is interested in 30% or more interest in Shanghai Maijin.

Special Rights Granted to the Pre-IPO Investors

Pursuant to a shareholders agreement (the "Shareholders Agreement") entered into among our Company and the then Shareholders of our Company dated November 12, 2020, which superseded the previous shareholders agreements, the Pre-IPO Investors excluding Shanghai Maijin were granted certain special rights, including but not limited to information rights, redemption rights, pre-emptive rights, director nomination rights, veto rights for certain corporate actions and anti-dilution rights. The redemption rights were terminated on November 27, 2020 and all the other special rights under the Shareholders Agreement were terminated on June 8, 2021 in compliance with the requirements of the Guidance on Pre-IPO Investments (HKEX-GL43-12).

Public Float

6,599,543 Shares held by Shenzhen Xinlong and Runkun Tianlu will not be considered as part of the public float as the Shares are Domestic Shares which will not be converted into H Shares and listed following the completion of the Global Offering.

653,015,126 Shares held by Shanghai Latent, Shanghai Qingmin, Shanghai Qingxin, Shanghai Qinghe and Shanghai Qingzhen will not be considered as part of the public float as they are held by the core connected persons of our Company as defined under the Listing Rules.

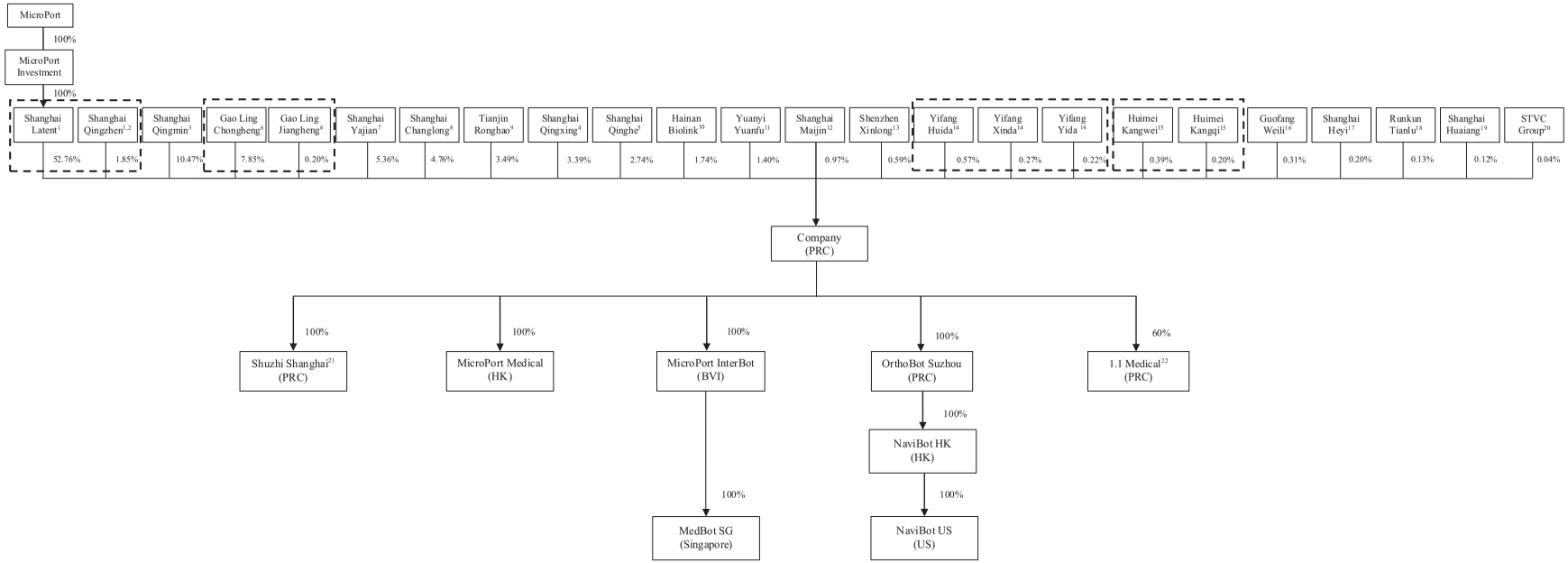
257,349,162 Shares held by Gao Ling Chongheng, Shanghai Yajian, Shanghai Changlong, Tianjin Ronghao, Hainan Biolink, Yuanyi Yuanfu, Shanghai Maijin, Yifang Huida, Huimei Kangwei, Guofang Weili, Yifang Xinda, Yifang Yida, Huimei Kangqi, Gao Ling Jiangheng, Shanghai Heyi, Shanghai Huaiang and STVC Group will be converted into H Shares and listed following the completion of the Global Offering and will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing. Over 25% of our Company's total issued Shares with a market capitalization of substantially over HK$375 million will be held by the public upon completion of the Global Offering in accordance with Rules 8.08(1)(a) and 18A.07, respectively, of the Listing Rules.

Compliance with Interim Guidance and Guidance Letters

The Joint Sponsors are of the view that the Pre-IPO Investments are in compliance with the Interim Guidance on Pre-IPO Investments (HKEX-GL29-12) and the Guidance on Pre-IPO Investments (HKEX-GL43-12).

SHAREHOLDING AND CORPORATE STRUCTURE

Corporate structure upon completion of the Reorganization and the Pre-IPO Investments before the Global Offering



Notes:

(1) On March 31, 2021, Shanghai Latent and Shanghai Qingzhen entered into a concert party agreement, pursuant to which Shanghai Latent and Shanghai Qingzhen have undertaken to act in concert by aligning their votes at Shareholders' meetings of our Company. For further details, see "—Concert Party Agreement" above. As of the Latest Practicable Date, Shanghai Latent was an indirect wholly owned subsidiary of MicroPort.

(2) Shanghai Qingzhen was established in the PRC as a limited partnership on November 3, 2020. As of the Latest Practicable Date, Mr. Yuan Shuai (袁帥), one of our Supervisors, was the general partner of Shanghai Qingzhen; the limited partners comprised 69 employees of our Group including Dr. He Chao (何超), our executive Director and president, who held approximately 54.05% of the interest in Shanghai Qingzhen; and none of the other limited partners held 30% or more of the interest in Shanghai Qingzhen.

(3) Shanghai Qingmin was established in the PRC as a limited partnership on March 30, 2017. As of the Latest Practicable Date, Dr. He Chao was the general partner of Shanghai Qingmin and held approximately 83.50% of the interest in Shanghai Qingmin as a limited partner; and the remaining 42 limited partners were former employees and employees of our Group.

(4) Shanghai Qingxing was established in the PRC as a limited partnership on March 6, 2018. As of the Latest Practicable Date, Mr. Zhu Xiang (朱祥), our senior R&D director and head of the surgical robot engineering research center, was the general partner of Shanghai Qingxing and the limited partners comprised 105 employees and former employees of our Group. Dr. He Chao held approximately 0.03% of the interest and Shanghai Songqing Enterprise Consulting Center (LLP) (上海颂擎企業管理諮詢中心（有限合夥）) ("Shanghai Songqing") held approximately 35.87% of the interest in Shanghai Qingxing. As of the Latest Practicable Date, none of the other limited partners held 30% or more of the interests in Shanghai Qingxing. As of the Latest Practicable Date, Mr. Yuan Shuai was the general partner of Shanghai Songqing and Dr. He held approximately 32.07% of the interests in Shanghai Songqing as a limited partner, while no other limited partner held 30% or more of the interests in Shanghai Songqing.

(5) Shanghai Qinghe was established in the PRC as a limited partnership on March 29, 2018. As of the Latest Practicable Date, Mr. Yuan Shuai was the general partner of Shanghai Qinghe and the limited partners comprised 45 employees and former employees of the our Group. Dr. He Chao held approximately 43.12% of the interest and Shanghai Qingyin Enterprise Consulting Center (LLP) (上海擎印企業管理諮詢中心(有限合夥)) ("Shanghai Qingyin") held approximately 52.96% of the interest in Shanghai Qinghe. Dr. He was the general partner of Shanghai Qingyin and Mr. Yuan Shuai held approximately 11.39% of the interest in Shanghai Qingyin. None of the other limited partners held 30% or more of the interest in Shanghai Qinghe.

(6), (9), (10) to (20) See "—Background Information of the Pre-IPO Investors" above for the detailed background information of each of the Pre-IPO Investors.

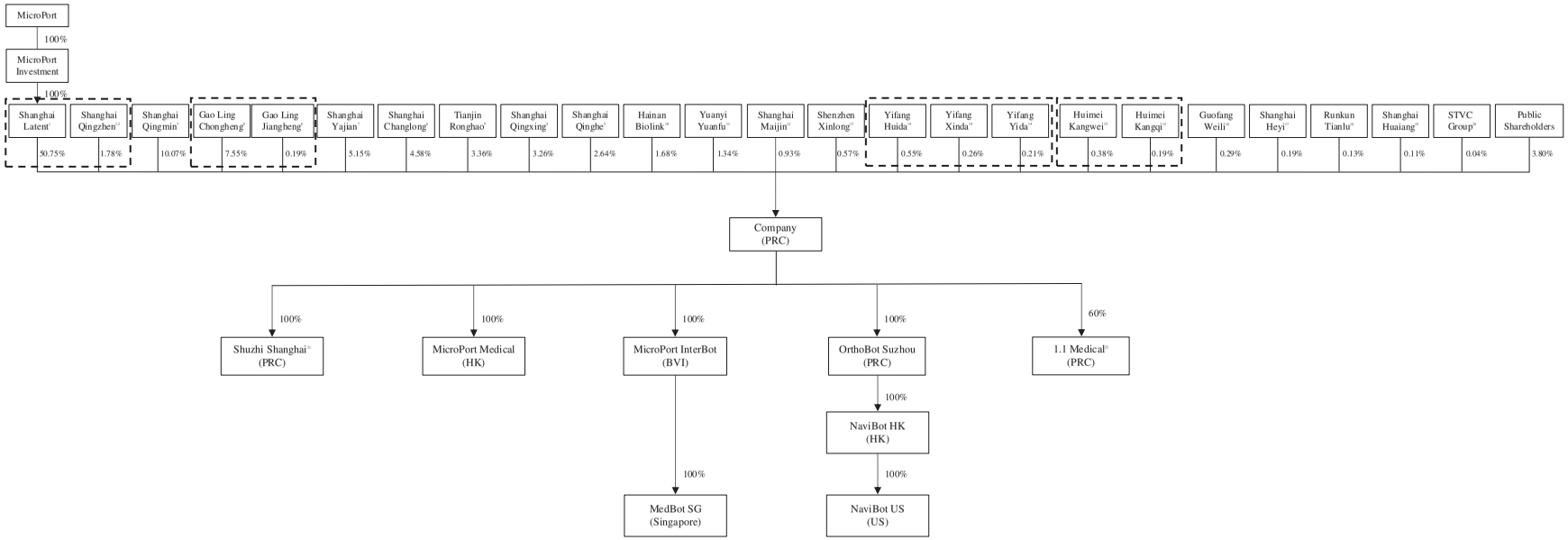
(7) Shanghai Yajian was established in the PRC as a limited partnership on October 26, 2020. It is a shareholding platform for employees of the MicroPort Group. As of the Latest Practicable Date, the general partner of Shanghai Yajian was an employee of the MicroPort Group and the limited partners of Shanghai Yajian consisted of employees of the MicroPort Group, none of whom was interested in 30% or more interest in Shanghai Yajian.

(8) Shanghai Changlong was established in the PRC as a limited liability company on September 7, 2006. As of the Latest Practicable Date, it was a wholly owned subsidiary of Pepper Tree MediNet (Shanghai) Corp., which was in turn a subsidiary of Real & Realistic Foundation Limited.

(21) Shanghai MicroPort Shuzhi Technology Co., Ltd. (上海微創樞知科技有限公司) ("Shuzhi Shanghai") was established by our Company in the PRC on April 28, 2021.

(22) 1.1 Medical was established in the PRC on September 20, 2019 with a registered capital of RMB10,000,000. On November 17, 2020, our Company entered into a share purchase agreement with Mr. Liu Yu (劉雨) ("Mr. Liu"), our chief commercial officer and senior vice president who was then a 50% shareholder of 1.1 Medical and Mr. Fu Xiaoyang (付曉陽) ("Mr. Fu"), an Independent Third Party who was then a 50% shareholder of 1.1 Medical, for acquiring an aggregate of 60% of the equity interests in 1.1 Medical at nil consideration. The consideration was determined considering the registered capital of 1.1 Medical had yet to be contributed by Mr. Liu and Mr. Fu at the time of such transfer. Following the completion of the aforesaid transfer, 1.1 Medical became owned as to 60% by our Company and 40% by Mr. Liu.

Group structure immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)



Note:

See the respective notes under "Corporate structure upon completion of the Reorganization and the Pre-IPO Investments before the Global Offering."

SPIN-OFF OF OUR GROUP FROM MICROPORT

MicroPort considers that the Spin-off and separate listing of our Group will be commercially beneficial to MicroPort, our Company and our Shareholders as a whole for the following reasons:

(a) the Spin-off will unlock value of our Company which is at fast-growing stage and provide MicroPort and its shareholders an opportunity to realize the value of their investment in our Group under a separate standalone platform for our Group's business;

(b) the Spin-off will separate our Group's business from the MicroPort Group's business. Such separation will enable shareholders and investors to appraise the strategies, success factors, functional exposure, risks and returns of our Group and the MicroPort Group separately and to make or refine their investment decisions accordingly. Investors will have the choice to invest in either one or all of the business of our Group or the MicroPort Group;

(c) the Spin-off will enable our Group to build our identity as a separately listed group, to have a separate fund-raising platform and to broaden our investor base. Direct access to capital markets allows our Group to make equity and/or debt financing to fund our existing operations and future expansion without reliance on the MicroPort, thereby accelerating our expansion, improving its operating and financial management efficiencies, which in turn will provide better return to our Shareholders;

(d) the Spin-off will enable our Group to enhance its corporate profile, thereby increasing its ability to attract investors for making investments in our Group, which could provide synergy for our Group, and the MicroPort Group will also benefit from such investments without further capital commitment;

(e) the Spin-off will increase the operational and financial transparency of and improve the corporate governance of our Company and provide Shareholders and investors with greater clarity on the businesses and financial status of our Group on a standalone basis, and such improvements will help to build investor confidence in forming investment decisions based on their assessment of the performance, management, strategy, risks and returns of our Group; and

(f) the Spin-off will enable more focused development, strategic planning and better allocation of resources for the MicroPort Group and our Group with respect to their respective businesses. Both the MicroPort Group and our Group will benefit from the efficient decision-making process under the separate management structure for seizing emerging business opportunities, especially with a dedicated management team for our Group to focus on our development. In addition, the Spin-off will improve the ability of our Group to recruit, motivate and retain key management personnel.

The Spin-off, if proceeds, will not constitute a discloseable transaction for MicroPort under the Listing Rules.

The proposal in relation to the Spin-off was submitted by MicroPort to the Stock Exchange for approval pursuant to Practice Note 15 of the Listing Rules (the "Practice Note 15"), and the Stock Exchange has confirmed that MicroPort may proceed with the Spin-off. Practice Note 15 requires MicroPort to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to the Shares, either by way of a distribution in specie of existing Shares or by way of a preferred application in the offering of existing or new Shares. Practice Note 15 provides that the respective minority shareholders of MicroPort may by resolution in general meeting resolve to waive the Assured Entitlement. MicroPort will provide the Assured Entitlement to the Qualifying MicroPort Shareholders by way of the Preferential Offering. See "Structure of the Global Offering" for further details of the Preferential Offering.

OVERVIEW

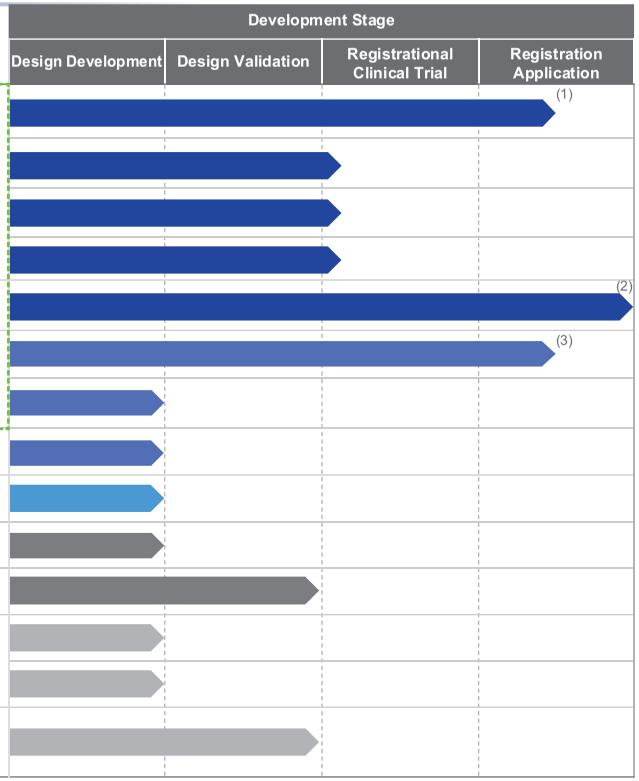
We are a top-tier surgical robot company dedicated to designing, developing and commercializing surgical robots to assist surgeons in performing complex surgical procedures. We are the only company in the industry worldwide with a product portfolio covering the five major and fast-growing surgical specialties of laparoscopic, orthopedic, panvascular, natural orifice and percutaneous surgical procedures, according to Frost & Sullivan. Our flagship products, Toumai® (圖邁®) Laparoscopic Surgical Robot, DFVision® (蜻蜓眼®) 3D Electronic Laparoscope and Honghu (鴻鵠®) Orthopedic Surgical Robot, have all been admitted to the NMPA's innovative medical device special review and approval procedure (known as the "Green Path"). *Toumai* and *Honghu* are at the registration approval stage, and *DFVision* has recently received NMPA approval. We may not be able to successfully develop and market *Toumai, Honghu* and *DFVision* as planned, even if they are commercialized, it is uncertain that they will achieve market success.

Surgical robots belong to a technically sophisticated and clinically and commercially valuable niche in the global medical devices industry, according to Frost & Sullivan. With greater precision, consistency and control, surgical robots help surgeons overcome human limitations and eliminate impediments in conventional surgical and interventional tools and techniques, reducing burdens on surgeons and delivering better clinical outcomes for patients. For example, for a successful joint replacement, minimizing alignment deviation of the implant is critical. An experienced surgeon operating manually can manage to contain the deviation to three to ten degrees; with robotic assistance, the deviation could be less than one degree. Compared with conventional minimally invasive surgery, or MIS, or traditional open surgery, robot-assisted MIS can achieve higher success rates, smaller wounds, less bleeding and faster recovery. Robot-assisted surgery, or RAS, is increasingly integrated into clinical practice as a cutting-edge complement to, and in more and more cases substitution for, conventional surgery.

China has a large, fast-growing and under-penetrated surgical robot market. To date, surgical robots have very low market penetration in China in the two major application areas of laparoscopic and orthopedic surgeries (especially, in the latter case, the majority field of joint replacements). According to Frost & Sullivan, only 189 laparoscopic and 17 joint replacement surgical robots were installed in China as of December 31, 2020, and approximately 0.5% and less than 0.1% of laparoscopic and joint replacement surgeries, respectively, were robot-assisted in China in 2020. In contrast, 3,727 laparoscopic and 1,060 joint replacement surgical robots were installed in the United States as of the same date, with a penetration rate in terms of surgeries performed of 13.3% and 7.6%, respectively, in the same year, according to Frost & Sullivan. Even though the PRC surgical robot industry had a late start, it is expected to grow rapidly. According to Frost & Sullivan, the numbers of laparoscopic and joint replacement surgical robots installed in China by the end of 2026 are expected to be more than 10 and almost 50 times, respectively, the level as of the end of 2020. As the installation base grows and the number of RAS continues to rise, revenue source for surgical robot developers will also diversify. Non-robot sales revenue is expected to increase significantly, as more disposables are consumed and must be replenished and hospitals pay more for services in training and maintenance. As a result of these factors, the PRC surgical robot market is expected to expand from US$0.4 billion in 2020 to US$3.8 billion in 2026, representing a CAGR of 44.3%, while the global market is expected to expand from US$8.3 billion in 2020 to US$33.6 billion in 2026, representing a CAGR of 26.2%.

Surgical robotics, from a technology perspective, is an advanced intersection of multiple disciplines. Since our founding, we have focused on five foundation technologies that must interact well together to make the hardware and software of a surgical robot work: robot ontology, control algorithms, electrical engineering, image-based navigation and precision imaging. We believe that this focus is fundamental to our product development capability. As a dedicated surgical robot specialist, we also possess strong industrial operation capabilities covering the full cycle of surgical robot development from research and development, clinical trial and registration to supply chain management and marketing. Through in-house development and international collaboration, we have built a portfolio with one approved product and eight product candidates at various stages of development, including two candidates in the NMPA registration application stage and six candidates in preclinical studies. The following chart summarizes our product portfolio as of the Latest Practicable Date:

	Surgical Specialty	Product	Indicated Application	NMPA Classification
Self Development	Laparoscopic Surgery	Toumai® (圖邁®) Laparoscopic Surgical Robot ("*Toumai*")*	Urologic surgery	III
			Gynecologic surgery	
			Thoracic surgery	
			General surgery	
		DFVision® (蜻蜓眼®) 3D Electronic Laparoscope ("*DFVision*")▲	Laparoscopic surgeries for abdominal, thoracic and pelvic organs	III
	Orthopedic Surgery	Honghu (鴻鵠®) Orthopedic Surgical Robot ("*Honghu*")	Total knee arthroplasty	III
			Total hip arthroplasty	
		Spine Surgical Robot	Spine surgery	III
	Natural Orifice Surgery	Trans-bronchial Surgical Robot	Trans-bronchial diagnosis and treatment	III
	Panvascular Surgery	TAVR Surgical Robot	Heart valve replacement surgery	III
International Collaboration[4]		R-One™ Vascular Interventional Surgical Robot ("*R-One*")	Coronary angioplasty	III
	Percutaneous Surgery	Automated Needle Targeting Robotics System ("*ANT*")	Percutaneous lung biopsy	III
			Percutaneous nephrolithotomy	
		iSR'obot™ Mona Lisa Robotic Transperineal Prostate Biopsy System ("*Mona Lisa*")	Transperineal prostate biopsy	III



* Our Core Product ▲ Product approved by the NMPA Products admitted to the Green Path

Notes:

(1) *Toumai*'s registrational clinical trial was completed in May 2021. This made *Toumai* the first and only Chinese-developed surgical robot that had completed a registrational clinical trial for complex laparoscopic surgeries as of the Latest Practicable Date, according to Frost & Sullivan. We submitted an NMPA registration application in May 2021, which was accepted by the NMPA in June 2021. As of the Latest Practicable Date, there had been no objection or material concern from the NMPA in relation to the registration application of *Toumai*.

(2) *DFVision* was the first Chinese-developed 3D electronic laparoscope admitted to the Green Path, according to Frost & Sullivan. It was approved by the NMPA in June 2021.

(3) *Honghu* was the only Chinese-developed joint replacement surgical robot with a self-developed robotic arm as of the Latest Practicable Date, according to Frost & Sullivan. We completed *Honghu*'s registrational clinical trial and submitted an NMPA registration application in July 2021.

(4) We established joint ventures with certain international partners primarily to jointly develop, manufacture and commercialize their surgical robots and certain disposables in Greater China. See "Business—Collaboration with Third Parties."

Toumai is our Core Product with a wide range of potential applications. We are currently developing *Toumai* for application in urologic surgery. In November 2019, *Toumai* was used to successfully complete a robot-assisted laparoscopic radical prostatectomy (RALRP) in Dongfang Hospital in Shanghai. Radical prostatectomy (removal of the entire prostate) is the prevailing standard of care, and a potential cure, for early-stage prostate cancer. Due to the deep and narrow surgical site, it is commonly done via MIS, and is widely considered one of the most difficult laparoscopic urologic surgeries, according to Frost & Sullivan. Since its invention in the early 2000s, RALRP has become the prevalent "gold standard" for prostate cancer care in the developed world, according to Frost & Sullivan, whereas in China conventional, manual MIS has remained mainstream. This clinical success demonstrated for the first time that a Chinese-developed surgical robot is capable of handling a laparoscopic surgery as complex as RALRP. *Toumai* has broken a number of other clinical records. In December 2020, it was used to successfully complete a robot-assisted partial nephrectomy (RAPN), a RAPN adopting a retroperitoneal approach (RPRPN), a RALRP adopting an extraperitoneal approach and a single-port RAPN, in each case the first of its kind completed with a Chinese-developed surgical robot. We completed the registrational clinical trial for *Toumai* for application in urologic surgery in May 2021. This made *Toumai* the first and only Chinese-developed four-arm laparoscopic surgical robot that had completed a registrational clinical trial as of the Latest Practicable Date, according to Frost & Sullivan. The four robotic arms enabled *Toumai* to complete the registrational clinical trial comprised entirely of complex urologic surgeries such as prostatectomies and nephrectomies. No Chinese-developed surgical robot had completed such a trial before, according to Frost & Sullivan. In this prospective, multicenter, randomized and parallel-controlled trial, *Toumai* demonstrated non-inferiority in the primary efficacy endpoint of surgery success rate to the da Vinci Si Surgical System, with a good safety profile. We submitted an NMPA registration application in May 2021, which was accepted by the NMPA in June 2021. We will further develop *Toumai* for additional applications in gynecologic, thoracic and general laparoscopic surgeries, and will seek a separate NMPA approval of such expansion. We are also developing *DFVision* for various laparoscopic uses. *DFVision* was the first Chinese-developed 3D electronic laparoscope admitted to the Green Path, according to Frost & Sullivan. We submitted an NMPA registration application for *DFVision* in August 2020 and received approval in June 2021. We are developing *Honghu* for joint replacement surgeries. *Honghu* was the only Chinese-developed joint replacement surgical robot with a self-developed robotic arm as of the Latest Practicable Date. We completed *Honghu*'s registrational clinical trial for total knee arthroplasty (TKA) and submitted an NMPA registration application in July 2021. We also have product candidates developed in-house or with our international partners covering panvascular, natural orifice and percutaneous surgical procedures.

We are led by an experienced management team and enjoy strong support from our Shareholders, in particular, our Controlling Shareholder, MicroPort. In addition, we have attracted a league of top-tier investors as our Shareholders, including Zhuhai Gao Ling, CPE, Grand Flight, Creedfont Capital and Biolink Investment.

OUR STRENGTHS

Top-tier surgical robot company with a comprehensive portfolio covering five major and fast-growing surgical specialties

Surgical robots belong to a technically sophisticated and clinically and commercially valuable niche in the global medical devices industry, according to Frost & Sullivan. With greater precision,

consistency and control, surgical robots help surgeons overcome human limitations and eliminate impediments in conventional surgical and interventional tools and techniques, reducing burdens on surgeons and delivering better clinical outcomes for patients. Compared with conventional MIS or open surgery, robot-assisted MIS can achieve higher success rates, smaller wounds, less bleeding and faster recovery.

Surgical robots were first introduced to assist laparoscopic surgeries and are penetrating into an increasing number of surgical specialties. Laparoscopic surgical robots are widely used in urologic, gynecologic, thoracic and general surgeries and held a substantial majority share of 63.1% in the global surgical robot market in terms of revenue in 2020, according to Frost & Sullivan. Orthopedic surgical robots are an area of intense research and industry interest, especially those for joint replacement surgeries, which require the highest level of technical complexity. According to Frost & Sullivan, the orthopedic surgical robot segment grew at a 2015-2020 CAGR of 58.7% and accounted for 16.7% of the global surgical robot market in terms of revenue in 2020. As technology continues to advance and clinical demand continues to rise, the application of surgical robots is fast expanding to more surgical areas, including panvascular, natural orifice and percutaneous surgical procedures, according to Frost & Sullivan.

We are the only company in the industry worldwide with a product portfolio covering all of these five major and fast-growing surgical specialties, according to Frost & Sullivan.

- *Laparoscopic surgery*. Laparoscopic surgery, in which the surgeon operates surgical tools inserted through small openings cut in the patient's abdomen, represents a remarkable progress in medical science as it significantly reduces the invasiveness and the attendant hazards of traditional open surgery. Robotic assistance further enhances the benefits of MIS in laparoscopic procedures by eliminating the inherent human limitations of hand tremors, as well as fatigue, emotion and other factors, achieving optimal surgical precision and dexterity. We are developing *Toumai* to potentially help surgeons perform a wide range of laparoscopic procedures. In May 2021, we completed the registrational clinical trial for *Toumai* for application in urologic surgery. The trial consisted entirely of prostatectomies (removal of the prostate gland) and nephrectomies (removal of kidney), two of the most exacting and difficult types of urologic surgery, according to Frost & Sullivan. This made *Toumai* the first and only Chinese-developed surgical robot that had completed a registrational clinical trial of complex laparoscopic surgeries as of the Latest Practicable Date, according to Frost & Sullivan. We submitted an NMPA registration application for *Toumai* on May 31, 2021 and expect to obtain approval in the first quarter of 2022. We will further develop *Toumai* for additional applications in gynecologic, thoracic and general surgeries, and will seek a separate NMPA approval of the expansion. In addition, we are also developing *DFVision* for various laparoscopic uses, having submitted an NMPA registration application in August 2020 and received approval in June 2021.

- *Orthopedic surgery*. Orthopedic surgical robots assist surgeons in devising optimal custom preoperative plans for orthopedic surgeries and executing such plans with precision. Among them, those designed for joint replacement surgeries (such as, commonly, TKA) require the highest level of technical complexity and are the most difficult to develop,

according to Frost & Sullivan. *Honghu* was the only Chinese-developed joint replacement surgical robot with a self-developed robotic arm as of the Latest Practicable Date, according to Frost & Sullivan. We completed *Honghu*'s registrational clinical trial for TKA and submitted an NMPA registration application in July 2021.

- *Panvascular surgery*. In various types of interventional procedures, surgeons puncture a blood vessel (artery or vein) and direct and advance guidewires and catheters through the patient's vascular system to the target anatomy for diagnosis and treatment. Using a robot's digital operating platform and custom catheters with multiple bend points, surgeons can accurately adjust the position of catheters based on real-time image navigation, achieving greater precision and control. We are developing a surgical robot for transcatheter aortic valve replacement (TAVR), a minimally invasive heart procedure to treat aortic valve stenosis. In addition, we have established strategic collaboration with Robocath, a France-based medical robotic company, to facilitate the regulatory approval and commercialization of its *R-One*, a surgical robot designed for coronary angioplasty, a procedure that improves blood flow to the heart by widening blocked or narrowed coronary arteries, in China.

- *Natural orifice surgery*. For certain respiratory (such as bronchoscopy) or digestive tract operations, surgeons employ a fully motorized endoscope to enter the human body through a "natural orifice" (*e.g.*, mouth, anus, vagina or urethra). Such surgical robots allow surgeons to operate without skin incision, saving patients from the invasiveness of traditional surgery. We are developing a trans-bronchial surgical robot, currently at the preclinical stage.

- *Percutaneous surgery*. Mostly used in general and cardiothoracic surgeries, percutaneous surgical robots use real-time fluoroscopy (imaging by X-rays), computed tomography (CT) or ultrasound imaging to guide the biopsy needle to reach the target organ (*e.g.*, lung, kidney or prostate) through a perforation in the skin, or "percutaneously," along the safest route, achieving precise needle positioning with minimal damage to surrounding tissues and risk of vascular perforation. We have established strategic cooperation with NDR, a Singapore-based medical device company, to develop and commercialize its *ANT*, a system for percutaneous surgical procedures, in Greater China. We have also established strategic cooperation with Biobot, another Singapore-based medical device company, to develop, market and manufacture its *Mona Lisa*, a robotic system indicated for transperineal prostate biopsy, in Greater China.

Domestic pioneer in a large, fast-growing and under-penetrated PRC surgical robot market

China has a large, fast-growing and under-penetrated surgical robot market. To date, surgical robots have very low market penetration in China in the two major application areas of laparoscopic and orthopedic surgeries (especially, in the latter case, the majority field of joint replacements). According to Frost & Sullivan, only 189 laparoscopic and 17 joint replacement surgical robots were installed in China as of December 31, 2020, and approximately 0.5% and less than 0.1% of laparoscopic and joint replacement surgeries, respectively, were robot-assisted in China in 2020. In contrast, 3,727 laparoscopic and 1,060 joint replacement surgical robots were installed in the United States as of the same date, with a penetration rate in terms of surgeries performed of 13.3% and 7.6%,

respectively, in the same year, according to Frost & Sullivan. Even though the PRC surgical robot industry had a late start, it is expected to grow rapidly. According to Frost & Sullivan, the numbers of laparoscopic and joint replacement surgical robots installed in China by the end of 2026 are expected to be more than 10 and almost 50 times, respectively, the level as of the end of 2020. As the installation base grows and the number of robot-assisted surgeries continues to rise, revenue source for surgical robot developers will also diversify. Non-robot sales revenue is expected to increase significantly, as more disposables are consumed and must be replenished and hospitals pay more for services in training and maintenance. As a result of these factors, the PRC surgical robot market is expected to expand from US$0.4 billion in 2020 to US$3.8 billion in 2026, representing a CAGR of 44.3%, according to Frost & Sullivan.

We are a domestic pioneer in this burgeoning market. As a top-tier surgical robot company, our three flagship products are either approved or at the registration approval stage, with near-term market visibility. Our *Toumai* has achieved numerous clinical firsts in China. According to Frost & Sullivan, *Toumai* was the first Chinese-developed surgical robot that had completed patient enrollment for registrational clinical trial for application in urologic surgery. We completed the trial in May 2021. This made *Toumai* the first and only Chinese-developed four-arm laparoscopic surgical robot that had completed a registrational clinical trial as of the Latest Practicable Date, according to Frost & Sullivan. The four robotic arms enabled *Toumai* to complete the registrational clinical trial comprised entirely of complex urologic surgeries. No Chinese-developed surgical robot had completed such a trial before, according to Frost & Sullivan. Our *Honghu* was the only Chinese-developed joint replacement surgical robot with a self-developed robotic arm as of the Latest Practicable Date, according to the same source. According to Frost & Sullivan, no Chinese-developed surgical robot had been approved for laparoscopic and joint replacement surgeries in China as of the Latest Practicable Date. Our *DFVision* was approved by the NMPA in June 2021 and we expect it to be the first Chinese-developed 3D electronic laparoscope to commence commercial launch in China. In addition, we are collaborating with reputable international partners to promote the development and approval of panvascular and percutaneous surgical robots in China. We are also developing panvascular and natural orifice surgical robots in-house. Leveraging our comprehensive product portfolio and advanced-stage flagship products, we believe we are well positioned to capture the market opportunity in the large, fast-growing and under-penetrated PRC surgical robot industry.

Advanced product development capability based on foundation technologies

We are a technology-based surgical robot company. Surgical robotics, from a technology perspective, is a cutting-edge frontier of multiple intersecting disciplines. Applications of different surgical robots differ, but they share the same technology foundation. We believe there are five foundation technologies that must interact well together to make the hardware and software of a surgical robot work: robot ontology (overall robotic architecture), control algorithms (electronic control of mechanical movements), electrical engineering (management of electronic components), image-based navigation (instrument positioning in the landscape of target anatomy) and precision imaging (image generation through optical components and electronic correction). We believe that a robot company must possess a full suite of in-house research and development capacities and excel in these areas, because a robot cannot be assembled from prefabricated components. At the level of supreme precision required of a surgical robot, any incremental change in design or improvement in functionality may require the developer to return to the drawing board and reconfigure key parts. This

requires mastery over foundation technologies. We have, since our founding, focused on our foundation technology R&D to support our product programs, which we believe is fundamental to our product development capability and distinguishes us from competition. This focus allows us to refine and upgrade our products pursuant to surgeon feedback, develop new products (including new applications based on modifications of existing products) and provide custom solutions to hospitals where multiple departments may have robot-assisted surgical needs.

Leveraging our strength in the foundation technologies, we have developed our flagship products with a series of technical breakthroughs and highlights:

- *Toumai*. As our Core Product, *Toumai* has created a number of clinical records:
  - In November 2019, *Toumai* was used to successfully complete a robot-assisted laparoscopic radical prostatectomy (RALRP) in Dongfang Hospital in Shanghai. Radical prostatectomy (removal of the entire prostate) is the prevailing standard of care, and a potential cure, for early-stage prostate cancer. Due to the deep and narrow surgical site, it is commonly done via MIS, and is widely considered one of the most difficult types of urologic surgeries, according to Frost & Sullivan. Since its invention in the early 2000s, RALRP has become the prevalent "gold standard" for prostate cancer care in the developed world, according to Frost & Sullivan, whereas in China conventional, manual MIS has remained mainstream. This clinical success demonstrated for the first time that a Chinese-developed surgical robot is capable of handling a laparoscopic surgery as complex as RALRP;
  - In December 2020, *Toumai* was used to successfully perform a robot-assisted partial nephrectomy (RAPN) in the Zhejiang Provincial People's Hospital in Hangzhou. Nephrectomy (removal of kidney) is another type of urologic surgery at the highest level of difficulty, according to Frost & Sullivan. This was the first successful RAPN conducted with a Chinese-developed laparoscopic surgical robot;
  - In the same month, *Toumai* was used to successfully perform a RAPN adopting a retroperitoneal approach (RPRPN) in Zhongshan Hospital in Shanghai, the first successful RPRPN conducted with a Chinese-developed laparoscopic surgical robot. Entering from behind the peritoneum, the surgeon can avoid the interference of other vital organs in the abdomen and achieve smaller invasion and faster recovery. Yet the approach has even narrower space to operate and requires even higher precision and dexterity of the robot;
  - In the same month, *Toumai* was used to successfully complete a robot-assisted extraperitoneal radical prostatectomy in Zhongshan Hospital in Shanghai, the first successful RALRP adopting this approach conducted with a Chinese-developed laparoscopic surgical robot. Similarly, operating outside the peritoneum for this surgery has its clinical benefits but is even more demanding on the capabilities of the robot;
  - At the end of December 2020, *Toumai* was used to successfully complete a single-port RAPN in the Zhejiang Provincial People's Hospital in Hangzhou, the first

successful single-port surgery by a Chinese-developed laparoscopic surgical robot. Conventional or even robot-assisted MIS typically uses multiple "ports," or openings cut in the patient's abdomen, to reduce interference among the various surgical instruments and the laparoscope themselves and to create more space for maneuver. A single-port MIS further reduces invasiveness to the patient, but requires significantly higher precision and dexterity on the part of the robot.

- *Honghu*. *Honghu* was the only Chinese-developed joint replacement surgical robot with a self-developed robotic arm as of the Latest Practicable Date, according to Frost & Sullivan. Patient enrollment for its registrational clinical trial for TKA was completed in January 2021. *Honghu*'s preoperative planning technology helps surgeons build a 3D image-based preoperative plan which defines the optimal implant size, position and alignment according to the patient's anatomy. Adopting an innovative and novel navigation and positioning approach, *Honghu* uses its highly dexterous and lightweight robotic arm to guide bone cutting and implant placement with more precision.

- *DFVision*. *DFVision* applies high-definition dual objective lenses and a chip-on-tip structure, providing surgeons with high-resolution, real-time images of the organs with natural depth of field. *DFVision*'s strong image gathering, processing and transmission technology significantly flattens the surgeon's learning curve and optimizes the operating experience. It was used to successfully complete the first cholecystectomy (removal of gallbladder) in October 2019 in the Sir Run Run Shaw Hospital in Hangzhou, Zhejiang, which was the first surgery completed using a Chinese-developed 3D electronic laparoscope.

All of these product candidates have been admitted to the Green Path, an elite program under which the NMPA grants priority review and accelerated approval to medical device candidates which meet stringent innovation criteria.

Solid industrial operation capabilities

Developing a surgical robot is a massive and complex endeavor. For a large-scale, precision-driven medical device that invades the deep depths of the human body, the process from prototype design to proof of concept and further to clinical investigation and regulatory approval typically takes years of relentless efforts. Manufacturing and marketing the product on an industrial level further compound the complexity. Sharing similarities with an aircraft, a surgical robot is comprised of a great number of parts, most of which must be custom-designed and made. Each surgical robot is not a single product, but a comprehensive system, which requires extensive training on the operators, reliable supply of disposables and routine maintenance, all based on exclusive developer know-how.

As a dedicated surgical robot specialist, we possess strong industrial operation capabilities covering the full cycle of surgical robot development.

- *Research and development*. We have a research and development team of scientists and engineers specialized in a wide range of disciplines that are necessary for the field of robotics, including medicine, mechanical engineering, electronics, physics, software development, material science, algorithm, imaging and artificial intelligence. Of our over

290 team members as of the Latest Practicable Date, approximately 60% hold a master's or higher degree. Our senior R&D director, Mr. Zhu Xiang, who is also head of our surgical robot engineering research center, has over 10 years of experience in robotic and automatic equipment R&D, specializing in medical device electrical safety, electromagnetic compatibility and functional safety. As of the Latest Practicable Date, he held over 10 patents covering areas such as robotic surgical systems, control algorithms, robotic arms and methods for controlling robotic arms. We also collaborate with top-tier domestic and international hospitals, universities and research institutions and participate in national and provincial research projects to stay close to the latest clinical needs and academic developments. For example, as of the Latest Practicable Date, we were collaborating with Tongji University to study multi-modal medical image registration and fusion technology, and had led or participated in 14 national and provincial research projects. We are also a member of the PRC surgical robot national standard drafting committee, and have been invited to work on the first joint replacement robot project of the PRC Ministry of Science and Technology. As a result of our R&D, we have established a strong intellectual property portfolio. As of the Latest Practicable Date, we held 141 patents, including 118 patents in China and 23 patents in other jurisdictions. Substantially all of the patents are invention patents, primarily covering control algorithms, image navigation and visual imaging, areas that are critical for proprietary robotic technology development.

- *Clinical trial and registration*. Once we have proof of concept of a product candidate, our clinical trial and registration teams will work together to formulate a detailed plan with an aim to achieving fast regulatory approvals in line with our business plan. Our expertise enables us to operate and manage multiple clinical trials at a time and advance our products through registration expeditiously. The admission of our three flagship products, *Toumai*, *DFVision* and *Honghu*, to the Green Path in China and the NMPA approval of *DFVision* was testament to our clinical trial and registration capability.

- *Supply chain management*. Due to the unique characteristics of surgical robots, key to our manufacturing capability is supply chain management. We seamlessly integrate and streamline procurement, manufacturing and quality control. We have a global procurement platform, consisting of over 100 select suppliers from 13 countries as of the Latest Practicable Date. We implement stringent supplier selection standards to pick the most suitable ones who can make parts that meet our design and technical specifications. We have established a laparoscopic surgical robot manufacturing facility in Shanghai and an orthopedic surgical robot manufacturing facility in Suzhou, both with proven capability making prototypes in the course of our product development. We also possess expertise for designing, developing and manufacturing a variety of instruments customized for surgical procedures and accessories to be used in conjunction with our surgical robots. Further, we have established a multi-stage quality control system to conduct remote real-time monitoring and maintenance and conduct product lifecycle management. We follow rigorous international quality management standards for medical devices to ensure product quality and safety.

- *Marketing*. Even though we have not yet commercialized any of our product candidates, we have been executing a marketing strategy to lay the groundwork in anticipation of

product launches. We understand that adopting a certain robotic surgical system is a momentous decision for hospitals, because all the surgeons would need to be willingly and ably acclimatized to the new surgical practice, and the hospital administrators would need to be satisfied that the chosen system will deliver the purported clinical benefits. Despite the large number of laparoscopic surgeries performed each year in China and the increasing demand, very few (less than 10% of all Grade IIIA hospitals in China, according to Frost & Sullivan) hospitals in China have adopted a laparoscopic robotic surgical system, which suggests that far from enough surgeons and hospital administrators are familiar with it. Our marketing efforts therefore focus on academic and clinical promotion. We train and educate surgeons through a variety of activities such as participating in workshops to discuss techniques to operate the robots and opportunities to use our surgical robots to gain hands-on experience. We are establishing a sales and marketing team. As of the Latest Practicable Date, our sales and marketing team consisted of over 30 members, covering sales and marketing, training, clinical application support and services.

Extensive international collaborations

Ever since our founding, we have adopted a firm global outlook. We believe that, as a top-tier player in our industry, we should establish beneficial collaborations with international industry leaders and run our operations where it is the most effective, unfettered by national boundaries.

We have established strategic partnerships with leading international surgical robot companies, including France-based Robocath and Singapore-based NDR and Biobot, to commercialize their surgical robots for panvascular and percutaneous surgeries in Greater China and jointly develop the next generation products. We expect these partnerships to help us build a multi-specialty solution platform and deliver surgical robots to the China market. We also expect these partnerships to help us enhance our manufacturing and supply chain management capability.

We have selected global locations to strategically enhance our comprehensive capabilities. For example, we are establishing an additional research and development center in Singapore, where top research institutions, universities and medical devices companies are located, to enhance our research and development capability.

Seasoned management team and synergy with Controlling Shareholder MicroPort

We are led by a management team comprised of some of the best experts in the relevant fields in China. Mr. Sun Hongbin, our chairman, has nearly 20 years of experience in the medical device industry and also serves as chief financial officer of MicroPort. His strategic vision based on his unparalleled experience in China's medical devices industry helps us make crucial business decisions based on market trends and development. Dr. He Chao, our executive Director, president and founder, has dedicated to the research and development of surgical robots for over 14 years, and is one of the foremost experts in the PRC surgical robot industry. Dr. He serves as the Chinese representative on the technical committee for the preparation of international technical standards for surgical robots of the International Electrotechnical Commission, a global organization which builds international standards and conformity assessment systems to ensure the safety, efficiency, reliability and interoperability of electrical, electronic and information technologies. He is also a member of the first

expert panel of China's medical robot technical standardization unit and the director of Shanghai Engineering Research Center of Minimally Invasive Surgical Robots sponsored by the Science and Technology Commission of Shanghai Municipality. Dr. He has a proven record of managing large and complex systems, having served as the system engineer at the Chinese Academy of Space Technology, where he was in charge of system engineering and project management. Mr. Liu Yu, our chief commercial officer and senior vice president, has almost 30 years of experience in pharmaceuticals and medical devices. Prior to joining us, Mr. Liu worked at a number of reputable pharmaceutical and medical devices companies and led the sales and marketing of the da Vinci surgical robots, and their maintenance and after-sales services, in China. Ms. Yu Haiying, our senior vice president, has 19 years of experience in healthcare industry and thorough understanding of operation and management of international medical device business. Prior to joining us, Ms. Yu worked at GE for 21 years, including 19 years with GE Healthcare, where she served as the leader of multiple functions including business, research and development and service, among others.

Since our inception, we have received strong support from our Shareholders and achieved great synergy with our Controlling Shareholder, MicroPort. MicroPort is a leading medical device company focused on innovating, manufacturing and marketing high-end medical devices globally, which has been listed on the Main Board since 2010. Benefiting from the market recognition of the "MicroPort" brand, we believe we are well positioned to promote our products among surgeons and hospitals.

We also attracted a league of top-tier investors as our Shareholders, including Zhuhai Gao Ling, CPE, Grand Flight, Creedfont Capital and Biolink Investment.

OUR STRATEGIES

Advance products to commercialization and promote surgical robot penetration in China

To exploit our first-mover advantage in the under-penetrated PRC surgical robot market, we plan to rapidly advance our *Toumai* and *Honghu* toward commercialization and kickstart the commercialization of *DFVision*. As preparation, we plan to build and significantly expand a sales and marketing team with strong technical skills and medical education background. We also plan to establish a new manufacturing facility and an assembly facility in Shanghai to enhance our manufacturing capability.

We plan to promote the adoption of *Toumai*, *Honghu*, *DFVision* and our other products by surgeons and hospitals and build demand for RAS among patients to further increase the market penetration through the following measures:

- Continue to communicate with surgeons who have participated in our training and principal investigators who participated in our clinical trials to understand their latest feedback and requirements, which can help us upgrade and further optimize our products;

- Provide training to surgeons who have not performed RAS, including surgeons at prefecture, county or township hospitals, to further expand our surgeon and hospital base and increase market penetration of surgical robot. We plan to set up training and display centers to provide prospective customers with opportunities to practice their skills and gain familiarity with our surgical robots;

- Work with key opinion leaders and leverage our relationships with them to develop protocols for new surgical procedures. We believe that establishing protocols for a given procedure will facilitate the broader adoption of our surgical robot for that procedure, increase patient awareness and help promote our brand; and
- Build a service network comprising service engineers, clinical support personnel and clinical training personnel. We also plan to invest in educating our marketing and clinical training personnel, enabling them to possess strong technical skills to provide technical support to surgeons.

Continue to expand product portfolio to build a multi-specialty surgical platform

We will continue to focus on the research and development of foundation technologies for surgical robots. Leveraging the common characteristics of foundation technologies and our expertise in clinical trial and registration, we plan to further expand our product portfolio to build a multi-specialty surgical platform through the following measures:

- *Refine and expand the application of products*. We intend to continuously refine and upgrade our products. We plan to expand the application of *Toumai* to gynecologic, thoracic and general surgeries and further deepen our penetration. We also plan to expand the application of *Honghu* to total hip replacement procedures.
- *Advance clinical trial of surgical robots for panvascular, natural orifice and percutaneous surgical procedures*. We plan to, through in-house development and international collaboration, quickly advance the clinical trial of surgical robots for panvascular, natural orifice and percutaneous surgical procedures. We plan to commence clinical trial for *R-One* and *Mona Lisa* in China in 2021.
- *Develop new products for the five major and fast-growing surgical specialties as well as new surgical specialties*. We intend to continue working closely with surgeons, key opinion leaders, international partners, universities and research institutions to identify clinical needs and develop new surgical robots to meet such needs.

Explore next-generation technologies to expand the applications of surgical robots

Increasing awareness of the advantages of surgical robots, coupled with the improving healthcare infrastructure and increasing investments in the surgical robot domain, is expected to further bolster the growth of surgical robot market. In addition, more market players will engage in exploring next-generation technologies, such as smart, autonomous, telesurgery and miniaturization technologies, to further expand the applications of surgical robots. Leveraging our proprietary technologies, we plan to incorporate technologies, such as artificial intelligence, 5G technology and human-computer interaction, into our surgical robots. We believe these innovations will further enhance our competitive strength and lead to wider usage and revolutionize the quality, cost and availability of surgical robots.

Continue to implement our global strategy

To bring surgical robots, together with compatible instruments and accessories, developed and manufactured by us to the global market, we intend to establish a global platform and grow our business across the value chain with a global reach.

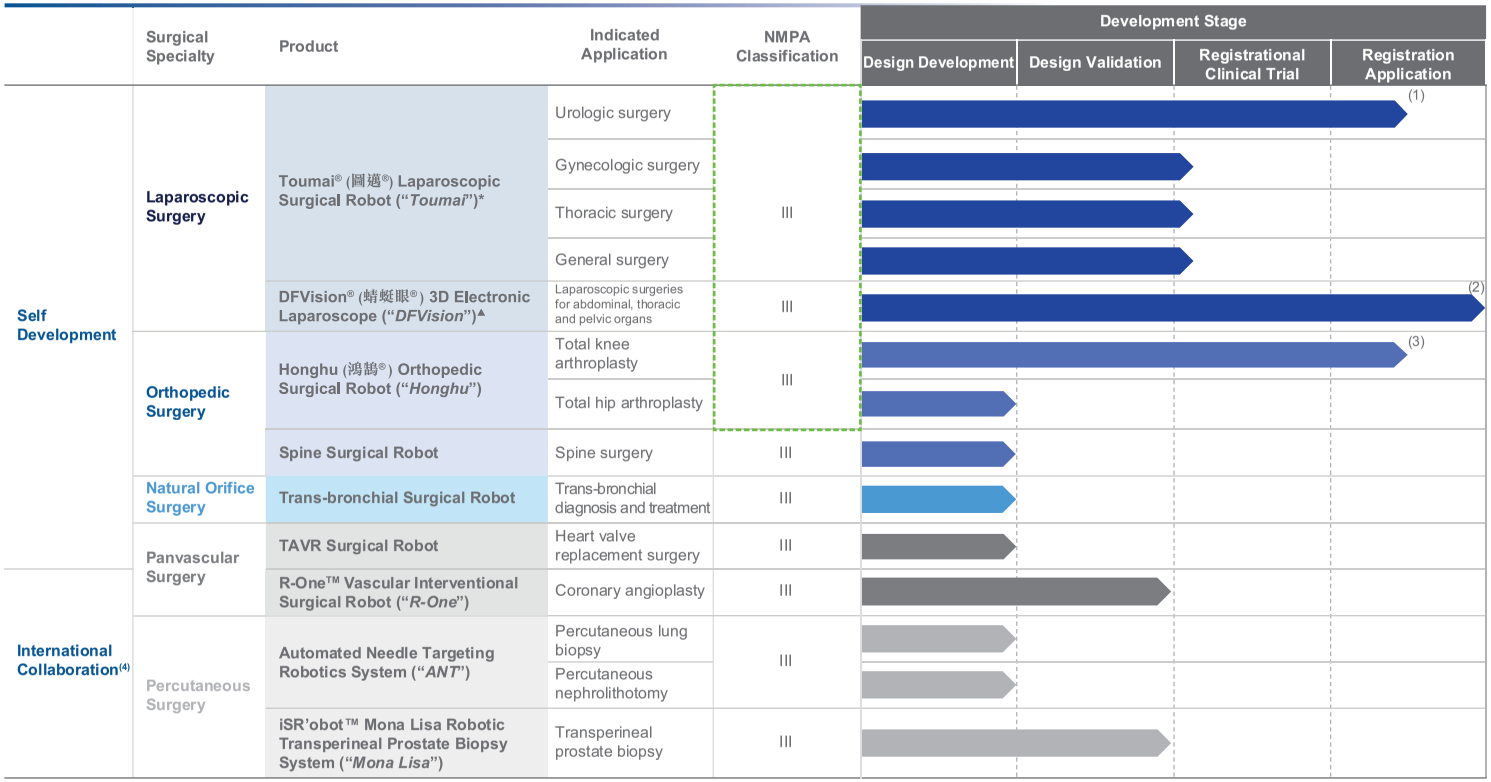
We plan to establish research centers outside China to enhance our R&D capability and facilitate the research and development of surgical robots leveraging local resources and expertise. We intend to license or otherwise acquire global or China rights to potential new product candidates that will allow us to expand the breadth of our product portfolio. We also plan to cooperate with top hospitals and reputable research institutions globally to enhance our research and development capability.

To efficiently produce and supply our products, we may also consider investing in and integrating potential supply chain resources to enhance our supply chain ability. We plan to establish global sales and marketing infrastructure to prepare for any future launch of our surgical robots overseas.

To support our global strategy, we also plan to recruit talent in research and development, manufacturing, supply chain and marketing globally. We plan to implement incentive measures to align our strategic goals with employees' personal aspirations.

OUR PRODUCT PORTFOLIO

We are a top-tier surgical robot company dedicated to designing, developing and commercializing surgical robots to assist surgeons in performing complex surgical procedures. We are the only company in the industry worldwide with a product pipeline covering the five major and fast-growing surgical specialties of laparoscopic, orthopedic, panvascular, natural orifice and percutaneous procedures, according to Frost & Sullivan. We have built a product portfolio with one approved product and eight product candidates at various stages of development, including two candidates in the NMPA registration application stage and six candidates in preclinical studies. The chart below sets forth our product portfolio as of the Latest Practicable Date:



	Surgical Specialty	Product	Indicated Application	NMPA Classification
Self Development	Laparoscopic Surgery	Toumai® (圖邁®) Laparoscopic Surgical Robot ("*Toumai*")*	Urologic surgery	III
			Gynecologic surgery	
			Thoracic surgery	
			General surgery	
		DFVision® (蜻蜓眼®) 3D Electronic Laparoscope ("*DFVision*")▲	Laparoscopic surgeries for abdominal, thoracic and pelvic organs	III
	Orthopedic Surgery	Honghu (鴻鵠®) Orthopedic Surgical Robot ("*Honghu*")	Total knee arthroplasty	III
			Total hip arthroplasty	
		Spine Surgical Robot	Spine surgery	III
	Natural Orifice Surgery	Trans-bronchial Surgical Robot	Trans-bronchial diagnosis and treatment	III
	Panvascular Surgery	TAVR Surgical Robot	Heart valve replacement surgery	III
		R-One™ Vascular Interventional Surgical Robot ("*R-One*")	Coronary angioplasty	III
International Collaboration(4)	Percutaneous Surgery	Automated Needle Targeting Robotics System ("*ANT*")	Percutaneous lung biopsy	III
			Percutaneous nephrolithotomy	
		iSR'obot™ Mona Lisa Robotic Transperineal Prostate Biopsy System ("*Mona Lisa*")	Transperineal prostate biopsy	III

* Our Core Product ▲ Product approved by the NMPA Products admitted to the Green Path

Notes:

(1) *Toumai*'s registrational clinical trial was completed in May 2021. This made *Toumai* the first and only Chinese-developed surgical robot that had completed a registrational clinical trial for complex laparoscopic surgeries as of the Latest Practicable Date, according to Frost & Sullivan. We submitted an NMPA registration application in May 2021, which was accepted by the NMPA in June 2021. As of the Latest Practicable Date, there had been no objection or material concern from the NMPA in relation to the registration application of *Toumai*.

(2) *DFVision* was the first Chinese-developed 3D electronic laparoscope admitted to the Green Path, according to Frost & Sullivan. It was approved by the NMPA in June 2021.

(3) *Honghu* was the only Chinese-developed joint replacement surgical robot with a self-developed robotic arm as of the Latest Practicable Date, according to Frost & Sullivan. We completed *Honghu*'s registrational clinical trial and submitted an NMPA registration application in July 2021.

(4) We established joint ventures with certain international partners primarily to jointly develop, manufacture and commercialize their surgical robots and certain disposables in Greater China. See "Business—Collaboration with Third Parties."

Laparoscopic Surgical Robots

Toumai® Laparoscopic Surgical Robot ("Toumai")—Our Core Product

Toumai (meaning "hope of life" in an African tribal language) is a laparoscopic surgical robot designed by us to enable complex surgeries using a minimally invasive approach. *Toumai* is designed for a wide range of surgical procedures and features robotic dexterity, operative precision and safety. *Toumai* was the first and only Chinese-developed surgical robot that had completed a registrational clinical trial for complex laparoscopic surgeries as of the Latest Practicable Date, according to Frost & Sullivan.

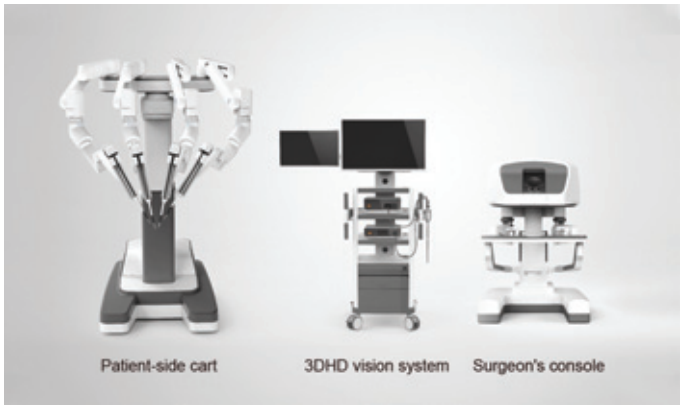
Toumai primarily consists of an ergonomic surgeon's console, a patient-side cart with four interactive robotic arms and a 3DHD vision system. Seated comfortably at the console, a surgeon views an immersive 3DHD image of the surgical field and manipulates the surgical instruments inside the patient's body by controlling the robotic arms. The 3DHD vision system provides real-time visualization of the target anatomy with natural depth-of-field, which facilitates accurate tissue identification and tissue layer differentiation.

Through the robotic arms with high degrees of freedom, *Toumai* provides surgeons with a range of motions analogous to those of human wrists, while filtering out the tremors inherent in human hands. Such dexterity allows greater precision in the operation, enhances safety of surgery and reduces surgeon fatigue. In particular, in addition to three robotic arms which hold the laparoscope and the surgical instruments as left and right hands, *Toumai*'s fourth arm allows it to hold additional surgical instruments necessary for certain most complex surgeries, which makes it far superior to three-arm laparoscopic surgical robots.

Toumai is classified as a Class III medical device under NMPA regulations and was recognized as an innovative medical device by the NMPA in October 2019. We completed *Toumai*'s registrational clinical trial for application in urologic surgery in May 2021, and submitted a registration application to the NMPA in May 2021, which was accepted by the NMPA in June 2021. We expect to obtain registration approval in the first quarter of 2022. We plan to expand *Toumai*'s application to gynecologic, thoracic and general surgeries. We began patient enrollment for the registrational clinical trial in October 2021 for *Toumai*'s application in these surgical areas. We will seek a separate NMPA approval of such expansion.

Product Structure

Toumai primarily comprises a surgeon's console, a patient-side cart and a 3DHD vision system, and is compatible with a range of instruments and accessories.



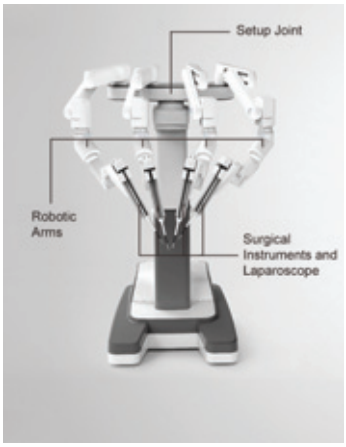
Surgeon's Console

The surgeon's console has three major components: the master controllers, the footswitch panel and the stereo viewer.

- *Master controllers and the footswitch panel.* The master controllers and the footswitch panel provide the means for the surgeon to control the robotic arms. The two robotic arms that hold the surgical instruments as the surgeon's left and right hands respectively are controlled by the master controllers. The surgeon grasps each controller with her index (or middle) finger and thumb, controls the instruments by bringing the finger and thumb together or apart, and maneuvers the instruments inside the patient by moving the hands and/or arms. These physical movements are processed by computer algorithms, and precisely and seamlessly replicated at the patient-side cart, virtually extending the surgeon's hands into the surgical field. The master controllers are designed to allow a natural range of motions and to provide ergonomic comfort over extended procedures. Similarly, the other two robotic arms, the arm that holds the laparoscope and the fourth arm that holds additional surgical instruments, are controlled by pressing control buttons on the footswitch panel.

- *Stereo viewer.* The stereo viewer provides video images for the surgeon. When the laparoscope is activated, the stereo viewer's integrated left and right video channels provide the surgeon with continuous 3D video, extending the vision of the surgeon into the surgical field. The ergonomically designed view port provides head and neck support for added comfort during extended procedures.

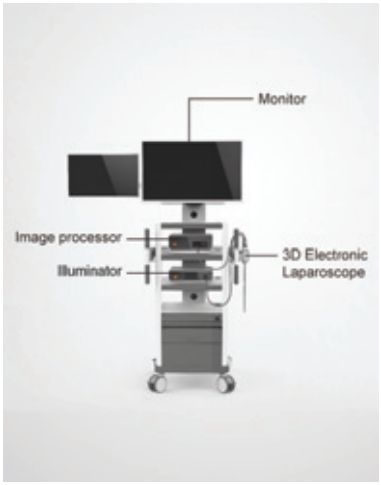
Patient-side Cart



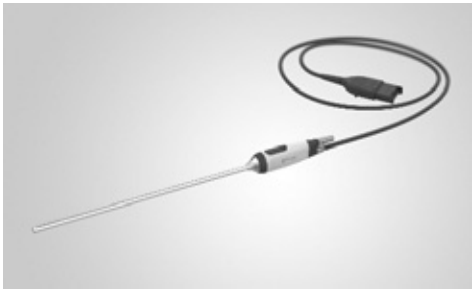
The patient-side cart holds four robotic arms that manipulate the surgical instruments and the laparoscope inside the patient. Two arms represent the surgeon's left and right hands respectively. A third arm positions the laparoscope, allowing the surgeon to easily move, zoom and rotate the field of vision. A fourth arm extends surgical capabilities by enabling the surgeon to add a third instrument to perform additional tasks for certain most complex surgeries. The robotic arms are controlled by the surgeon using the master controllers and the footswitch panel in the surgeon's console.

3DHD Vision System

The 3DHD vision system has the following major components:



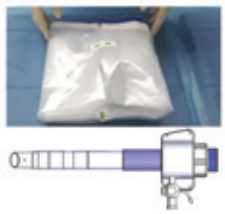
- *3D electronic laparoscope*. A HD stereo camera head is located at the tip of the laparoscope, which includes dual objective lenses to provide images with natural depth of field. This provides 3D visualization of the surgical field for the surgeon. The HD stereo camera head is designed with a wide field of view that provides up to 15 times electronic magnification of what is seen during open surgery.



- *Image processor*. The image processor is connected to the camera by a single cable. This unit controls the acquisition and processing of real-time images from the camera and delivers processed images to the surgeon with minimal delay. The resulting 3DHD images have high resolution, high contrast, low flicker and low cross fading.
- *Illuminator*. Lighting for the surgical field is provided by the illuminator. Light from the illuminator is delivered to the laparoscope via a fiber optic light guide cable and projected onto the surgical site through the laparoscope.
- *Monitor*. The vision system includes a monitor which is used to control system settings and view surgical site images.

Instruments and Accessories

Surgical instruments



Accessories

Toumai is equipped with surgical instruments, such as forceps, scissors, ultrasound scalpels and other surgical tools. These tools are also commonly used in open surgeries and conventional MIS, and are customized to be used with *Toumai*. The accessories include, for example, sterile drapes, which are used to ensure a sterile field during surgery, and trocars, the devices that pierce through the body for subsequent placement of other surgical instruments.

Operational Procedure

The key steps of operating *Toumai* are summarized below:

- *Draping*. After extending the robotic arms and starting up the vision system, the surgeon uses surgical drapes to cover unsterile areas of the robot to create and maintain a sterile operative field.
- *Port placement and cannula insertion*. Ports, the incisions that allow surgical instruments attached to robotic arms to enter the body, are selected before surgery based on the location of the target anatomy. Then the surgeon uses trocars to pierce through the body to prepare the ports. Cannulae, or narrow tubes, are then inserted into the body through the ports.

- *Robotic arm alignment and docking*. After the cannulae are inserted, the surgeon drives the patient-side cart to the operative table and aligns the robotic arms and the respective cannulae. The laparoscope and surgical instruments attached to the robotic arms are guided through the cannulae to reach the surgical field. The surgeon then locks the robotic arms when they are properly docked and begins the surgery.
- *Withdrawal*. After the surgery is completed, the surgeon removes the instruments and laparoscope from the patient's body. Then the surgeon disconnects the cannulae from the robotic arms and moves the robotic arms away from the patient.

Features

We believe *Toumai* has the following features and benefits:

- *Four robotic arms compatible with highly complex surgeries*. *Toumai* has four robotic arms, which allows for more clinical possibilities and makes *Toumai* far superior to three-arm systems. In addition to three robotic arms which hold the laparoscope and the surgical instruments as left and right hands, *Toumai*'s fourth arm enables it to hold additional surgical instruments to facilitate certain most complex surgeries, or Level 4 surgeries as classified under relevant PRC medical device classification regulations, such as robot-assisted laparoscopic radical prostatectomy (RALRP), retroperitoneal robot-assisted partial nephrectomy (RPRPN) and single-port laparoscopic partial nephrectomy (single-port RAPN). See "—Clinical Achievements" below for details.
- *Minimal invasiveness*. A patient will typically only have four to five, 8-10 mm surgical wounds after a *Toumai*-assisted surgery. Such minimal invasiveness reduces the incidence of post-surgical complications, such as adhesions and wound ruptures, causes less pain and scarring and helps achieve faster recovery.
- *Robotic arms with high degrees of freedom. Toumai*'s robotic arms have high degrees of freedom, which enables surgeons to move the surgical instruments smoothly and precisely within a small surgical field similar to an open surgery.
- *Tremor-filtered instrument movement.* Through the processing of computer algorithms, *Toumai* filters tremors inherent in a surgeon's hands and achieves steadier operations and reduces surgeon fatigue. This feature helps to enhance the safety of robot-assisted laparoscopic surgeries as it reduces the risk of inadvertent transection of vital structures.
- *Immersive 3DHD visualization. Toumai*'s vision system includes a 3DHD laparoscope, which provides real-time visualization of the target anatomy with natural depth-of-field and magnification that is intended to facilitate accurate tissue identification and tissue layer differentiation.
- *Reduced surgeon fatigue through natural hand-eye alignment. Toumai* reduces surgeon fatigue as it allows surgeons to operate while seated. In addition, *Toumai* naturally transforms the surgeon's hand movements outside of the patient's body into corresponding micro-movements inside the body. In contrast, in a conventional MIS, the instrument tip moves in the opposite direction from the surgeon's hand because the instruments are rotated around the surgical incision, and surgeons must adjust their hand-eye coordination to compensate for the direction reversal.

Clinical Achievements

Toumai has been used to successfully complete a series of prostatectomies (removal of prostate) and nephrectomies (removal of kidney), which are urologic surgeries with the highest level of technical complexity. *Toumai*'s success in such highly complex surgeries represents various clinical breakthroughs for Chinese-developed laparoscopic surgical robots:

Prostatectomy

Radical prostatectomy is the prevailing standard of care, and a potential cure, for early-stage prostate cancer. Prostatectomy involves various complex procedures, such as tissue dissection, bleeding control, stitching and other procedures necessary for the restoration of urinary and sexual functions. These procedures are very difficult to perform via conventional MIS, where the laparoscope only generates 2D images and the surgical site is deep and narrow inside the suprapubic region, or the lower abdomen. Robot-assisted laparoscopic radical prostatectomy (RALRP), invented in early 2000s, has significantly eased surgeons' operation and become the prevalent "gold standard" for prostate cancer care in the developed world. In China, however, conventional, manual MIS has remained mainstream for radical prostatectomy due to the limited availability of laparoscopic surgical robots. *Toumai* has achieved the following clinical breakthroughs in prostatectomy:

- *The first successful RALRP by a Chinese-developed laparoscopic surgical robot*. In November 2019, *Toumai* was used to successfully complete a RALRP for a prostate cancer patient in Dongfang Hospital in Shanghai. Leveraging the 3D visual system and the dexterous robotic arms, the surgeon performed a series of complex procedures with minimal invasion to tissues and nerves near the surgical site. This clinical success demonstrated for the first time that a Chinese-developed laparoscopic surgical robot is capable of handling a laparoscopic surgery as complex as RALRP.

- *The first successful extraperitoneal RALRP by a Chinese-developed laparoscopic surgical robot*. In December 2020, *Toumai* was used to successfully complete an extraperitoneal RALRP for a prostate cancer patient in Zhongshan Hospital in Shanghai. Extraperitoneal RALRP is a type of RALRP where the surgical space is behind the posterior rectus sheath (outside the abdominal cavity). Because the surgery is performed outside the abdominal cavity, it substantially avoids disruptions to intestines, thereby reducing risks of postoperative intestinal adhesion and obstruction. Meanwhile, the surgical space outside the abdominal cavity is even narrower, making it more demanding on the robot's capability. In this extraperitoneal RALRP, the surgeon successfully separated severe adhesions between prostate and intestine, removed prostate and dissected lymph nodes to clean up cancer cells.

Nephrectomy

Nephrectomy, typically performed to remove kidney tumors, is another type of urologic surgery with the highest level of difficulty. Nephrectomy is performed in a small surgical site, and the surgeon must ensure complete removal of the tumor while minimizing invasion to healthy blood vessels and nerves of the kidney. *Toumai* has achieved the following clinical breakthroughs in nephrectomy:

- *The first successful RAPN by a Chinese-developed laparoscopic surgical robot*. In December 2020, *Toumai* was used to successfully perform a robot-assisted partial

nephrectomy (RAPN) for a kidney cancer patient in the Zhejiang Provincial People's Hospital in Hangzhou, Zhejiang.

- *The first successful RPRPN by a Chinese-developed laparoscopic surgical robot*. In December 2020, *Toumai* was used to successfully perform a retroperitoneal approach robot-assisted partial nephrectomy (RPRPN) for a kidney cancer patient in Zhongshan Hospital in Shanghai.

  RPRPN is a type of RAPN where the surgical instruments enter the surgical field from behind the peritoneum, the membrane forming the lining of the abdominal cavity. RPRPN avoids the interference of other vital organs in the abdomen and achieves smaller invasion and faster recovery. However, RPRPN must be performed in an even narrower surgical field, which consequently requires the robot's higher precision and dexterity. In particular, leveraging the short operative time, this surgery was completed without suspending the kidney's blood flow, which minimized disruption to its functions.

- *The first successful single-port laparoscopic surgery by a Chinese-developed laparoscopic surgical robot*. At the end of December 2020, *Toumai* was used to successfully complete a single-port RAPN for a kidney cancer patient in the Zhejiang Provincial People's Hospital in Hangzhou, Zhejiang. Conventional or even robot-assisted MIS typically uses multiple ports, or openings cut in the patient's abdomen, to reduce interference among various surgical instruments and the laparoscope themselves and to create more space for maneuver. In this surgery, only one port with a diameter of 3 cm was created, which further reduced invasiveness to the patient but demanded significantly higher precision and dexterity on the part of the robot.

Summary of Clinical Trials

Registrational Clinical Trial

Overview. The registrational clinical trial was a prospective, multicenter, randomized and parallel-controlled trial to evaluate the efficacy and safety of *Toumai* in urologic surgery through comparison with the da Vinci Si Surgical System (*da Vinci Si*). The da Vinci surgical systems, developed by Intuitive Surgical Inc. ("Intuitive Surgical"), are the most widely used surgical robots in the world. In China, *da Vinci Si* and a newer model, the da Vinci Xi Surgical System (*da Vinci Xi*), were the only laparoscopic surgical robots approved by the NMPA as of the Latest Practicable Date. *Da Vinci Si* was the predominant model installed in China when we formulated the clinical trial plan for *Toumai* and remains in widespread use today. *Da Vinci Xi* features upgrades in various functionalities from *da Vinci Si* (such as improved vision and dexterity) but they are not radically different products, according to Frost & Sullivan.

The urologic surgeries being evaluated in the trial included radical prostatectomy and partial nephrectomy, which are Level 4 surgeries and the most technically complex robot-assisted urologic surgeries.

Trial design. 104 patients would be enrolled in four sites and randomized into the study group (using *Toumai*) and the control group (using *da Vinci Si*) at a ratio of 1:1. The primary efficacy

endpoint of the trial was no statistically significant difference in surgery success rate between the study group and the control group. A surgery would be deemed successful when (i) the robot-assisted surgery was completed without conversion to open surgery or conventional laparoscopic surgery, and (ii) no second surgery was conducted within 24 hours after surgery completion due to postoperative complications. Secondary efficacy endpoints included blood loss volume, operative time, hospital stay-in time, prostate-specific antigen (PSA) level (an indicator of prostate tumor), intraoperative complication rate and AE occurrence rate within one month after surgery. The safety profile would be assessed by the occurrence of AEs and serious AEs.

Trial status. The clinical trial commenced in June 2020, completed patient enrollment in January 2021 and was completed in May 2021. A total of 104 subjects were enrolled. 102 subjects, including 51 subjects in each of the study group and the control group, completed the surgeries. 2 subjects voluntarily withdrew from the trial before surgery.

Efficacy Results. The efficacy results demonstrated *Toumai*'s non-inferiority to *da Vinci Si* in terms of surgery success rate, the primary efficacy endpoint, and no statistically significant difference in substantially all secondary efficacy endpoints. Specifically, regarding the primary efficacy endpoint, 50 out of 51 subjects in the study group completed the surgery successfully with no conversion to other surgery types (including open surgery or conventional MIS) or second surgery within 24 hours after completion of surgery. Details of the efficacy results are set forth below:

	FAS		PPS		
Primary Efficacy Endpoint	**Study Group**	**Control Group**	**Study Group**	**Control Group**	***P*-value(1)**
	n=51	**n=51**	**n=51**	**n=51**	
Overall surgery success rate	50 (98.04%)	51 (100.0%)	50 (98.04%)	51 (100.0%)	p=0.317
No conversion to open surgery or conventional MIS	50 (98.04%)	51 (100.0%)	50 (98.04%)	51 (100.0%)	p=1.000
No second surgery within 24 hours after surgery	51 (100.0%)	51 (100.0%)	51 (100.0%)	51 (100.0%)	N/A

Note:

(1) A *p*-value greater than 0.05 indicates no statistically significant difference between the study group and the control group. The *p*-values for FAS and PPS are identical.

Regarding the secondary efficacy endpoints, the study group had no statistically significant difference as compared to the control group in terms of average blood loss, average hospital stay-in time, PSA level normal rate, intraoperative complication rate and AE occurrence rate within one month after surgery:

	FAS		PPS		
Secondary Efficacy Endpoints	**Study Group**	**Control Group**	**Study Group**	**Control Group**	***P*-value(1)**
	n=51	**n=51**	**n=51**	**n=51**	
Average blood loss (ml)	123.33 ± 168.63	75.29 ± 43.19	123.33 ± 168.63	75.29 ± 43.19	p=0.100
Average operative time (min)	167.82 ± 53.67	110.39 ± 31.39	167.82 ± 53.67	110.39 ± 31.39	p<0.001
Average hospital stay-in time (day)	4.88 ± 1.03	4.63 ± 1.20	4.88 ± 1.03	4.63 ± 1.20	p=0.065
PSA level normal rate	94.59%	89.74%	94.59%	89.74%	p=0.675
Intraoperative complication rate	1.96%	1.96%	1.96%	1.96%	p=1.000
AE occurrence rate within one month after surgery	47.06%	58.82%	47.06%	58.82%	p=0.234

Note:

(1) A *p*-value greater than 0.05 indicates no statistically significant difference between the study group and the control group. The *p*-values for FAS and PPS are identical.

Safety Results. The results demonstrated *Toumai*'s good safety profile. There was no occurrence of medical device-related AE in either the study group or the control group. All occurrences of AE were related to surgical operation or surgical treatment. The AEs primarily include fever (n=12 in study group; n=10 in control group), digestive system AEs such as nausea and constipation (n=11 in study group; n=8 in control group) and insomnia and dizziness (n=7 in study group; n=3 in control group). Details of the safety results are set forth below:

	Study Group (n=51)			Control Group (n=51)			
	Occurrences	Number of Subjects	Occurrence Rate	Occurrences	Number of Subjects	Occurrence Rate	*P*-value[(1)]
AE	54	30	58.82%	48	32	62.75%	p=0.839
Surgical operation-related AE	17	12	23.53%	11	11	21.75%	p=1.000
Medical device-related AE	0	0	0.00%	0	0	0.00%	N/A
Serious AE	3	1	1.96%	7	4	7.84%	p=0.362
Medical device-related serious AE	0	0	0.00%	0	0	0.00%	N/A
Surgical treatment-related serious AE	2	1	1.96%	3	1	1.96%	p=1.000

Note:

(1) A *p*-value greater than 0.05 indicates no statistically significant difference between the study group and the control group.

Preclinical Studies

Between August 2017 and May 2019, we performed 33 urologic and general surgeries on dogs and pigs with *Toumai*, including 9 cholecystectomies, or removal of gallbladder, 8 nephrectomies, 9 cystectomies, 1 prostatectomy, 1 other urologic surgery and 5 general surgeries. All 33 surgeries were successfully completed, and there was no occurrence of intraoperative AE or robotic mechanical error.

Market Opportunities and Competition

Driven by the growing preference for MIS and the increasing diagnosis rate of diseases eligible for robot-assisted laparoscopic surgeries, such as early-stage prostate cancer, robot-assisted laparoscopic surgeries have grown rapidly in China and have strong growth potential. According to Frost & Sullivan, the number of robot-assisted laparoscopic surgeries performed in China annually expanded 3.1 times from 11,445 in 2015 to 47,379 in 2020, and is expected to further expanded 13.4 times to 681,098 in 2026 from 2020. Accordingly, the market size of robot-assisted laparoscopic surgeries in China increased from US$79.4 million in 2015 to US$318.4 million in 2020 at a CAGR of 32.0%, and is expected to further increase to US$2,315.3 million in 2026 at a CAGR of 39.2% from 2020.

Intuitive Surgical's da Vinci Surgical System is the first FDA-approved and the world's most widely used laparoscopic surgical robot. Since its FDA approval in 2000, the da Vinci Surgical System has established itself as an effective and reliable tool. Currently, more than 80% of prostatectomies in the United States are performed with the da Vinci Surgical System, according to Frost & Sullivan. In China, the da Vinci Si and da Vinci Xi Surgical Systems were currently the only laparoscopic surgical robots approved by the NMPA as of the Latest Practicable Date and are used only in fewer than 10% of all Grade IIIA hospitals in China, according to Frost & Sullivan. Both da Vinci Si/Xi Surgical Systems and *Toumai* are four-arm surgical robots. *Toumai* was the first Chinese-developed four-arm laparoscopic surgical robot that had completed a registrational clinical trial as of

the Latest Practicable Date, according to Frost & Sullivan. The following table sets forth the competitive landscape of laparoscopic surgical robots in China:

Developer	Product	Development Stage	NMPA Green Path	Known Clinical Application in RALRP*
Our Company	*Toumai* (圖邁®)	NMPA registration application submitted	Yes	Yes
Intuitive Surgical	da Vinci Xi System	NMPA approved (2018)	--	Yes
	da Vinci Si System	NMPA approved (2011)	--	Yes
WEGO (威高)	Microhand-S System	Clinical trial patient enrollment completed	Yes	No
Kangduo (康多)	Kangduo System	Clinical trial stage	Yes	No

Source: Frost & Sullivan analysis

* RALRP is the prevalent "gold standard" for prostate cancer care in the developed world. The ability to perform RALRP is an indication of a surgical robot's capabilities. In China, RALRP is a major type of robot-assisted urologic surgery, which is the most applied surgical specialty for the da Vinci surgical systems, the only laparoscopic surgical robots approved by the NMPA to date, according to Frost & Sullivan.

Development Plan

Toumai's registrational clinical trial for application in urologic surgery was completed in May 2021. We submitted a registration application to the NMPA in May 2021, which was accepted by the NMPA in June 2021. We expect to obtain registration approval in the first quarter of 2022.

Application Expansion

We are also conducting preclinical studies, mainly design development and verification, on potentially applying *Toumai* in gynecologic, thoracic and general surgeries. Although we do not expect to alter *Toumai*'s basic hardware and software, we expect to make additional development and modifications to cater to the needs in these surgical specialties. We began patient enrollment for the registrational clinical trial in October 2021 for *Toumai*'s use in these surgical areas. We expect to design the registrational clinical trial as a prospective, parallel-controlled, multi-center clinical trial. The efficacy end points include successful completion of the surgery, blood loss volume, operative time and hospital stay-in hours, among others. The safety profile would be assessed by the occurrence of AEs and serious AEs.

Material Communications with the NMPA

Toumai was recognized as an innovative medical device by the NMPA, or entered the "Green Path," in October 2019. The Green Path is an elite program under which the NMPA grants priority review and accelerated approval to medical device candidates which meet stringent innovation criteria, including self-developed and owned core intellectual property, internationally advanced technologies and clear clinical value, and being in an advanced development state. The Green Path application process is highly strict and selective. Based on Frost & Sullivan's analysis of public information released by the NMPA, the overall passage rate for Green Path applications is under 20%

(292 out of over 1,400 applications as of December 31, 2020), and only 29 and 46 Class III medical device candidates were admitted to the Green Path in 2019 and 2020, respectively. Due to the selectivity, once a product candidate enters the Green Path, it has a high chance of receiving NMPA approval. According to Frost & Sullivan, none of the registration approval applications by Class III medical device candidates admitted to the Green Path after 2018 have been rejected by the NMPA after submission.

A key benefit of the Green Path status is that the developer may discuss and agree with the NMPA details of the clinical trial plan of the medical device candidate before the clinical trial takes place and before the developer submits a registration application, as confirmed by our PRC Legal Advisors. Based on the Innovative Medical Device Special Review and Approval Procedure (《創新醫療器械特別審查程序》), such discussions will be documented and referred to in the NMPA's review of the registration application after the application is submitted. Based on the foregoing, our PRC Legal Advisors are of the view that such discussions significantly reduce the possibility of the NMPA finding substantive issues in the application, as long as the trial results are in conformity with the trial plan that has been reviewed and agreed by the NMPA. Before *Toumai*'s registrational clinical trial for urologic surgery began, we discussed our proposed trial plan with the NMPA (including but not limited to, the details of patient enrollment criteria and the design of efficacy and safety endpoints), the NMPA provided comments (for example, adding certain safety endpoints and further specifying certain secondary efficacy endpoints), and we duly adopted them and filed a revised trial plan with the NMPA in April 2020. The NMPA did not express objection to the revised trial plan, the commencement of the trial or our planned registration application based on the clinical trial.

We completed the clinical trial in May 2021, after the principal investigators at the trial sites had signed off on the clinical data, including, among other things, their conformity with the trial plan. The clinical trial yielded positive results and met its objectives under the trial plan previously agreed with the NMPA. We submitted the registration application to the NMPA in May 2021. In June 2021, after an initial review of our application, the NMPA made a few minor technical clarifications (for example, the biopsy needle as a disposable should not be considered part of the proposed registered product) and supplemental material requests (for example, product registration records of certain disposables to be used with *Toumai*, the transportation testing report and the production flowchart of certain insulation parts), none of which affected the clinical trial plan or the clinical data submitted. After we responded to the NMPA as requested, the NMPA accepted *Toumai*'s registration application in late June 2021 and granted us an acceptance number. According to our PRC Legal Advisors, based on the Administrative License Law of the People's Republic of China (《中華人民共和國行政許可法》) and Measures for the Administration of Medical Device Registration (《醫療器械註冊管理辦法》), receiving an acceptance number signifies that the NMPA is of the view that the application meets its formal requirements, being complete and suitable for review. We had maintained open communication channels with the NMPA since then and as of the Latest Practicable Date, we had not received any objection from the NMPA in relation to *Toumai*'s registration application. Based on the foregoing, our PRC Legal Advisors are of the view that there is no legal impediment for us to obtain registration approval and then to commence sales. We expect to obtain the registration approval in the first quarter of 2022.

WE CANNOT GUARANTEE YOU THAT WE CAN SUCCESSFULLY DEVELOP AND MARKET *TOUMAI* IN CHINA IN A TIMELY MANNER, IF AT ALL.

DFVision® 3D Electronic Laparoscope (*"DFVision"*)

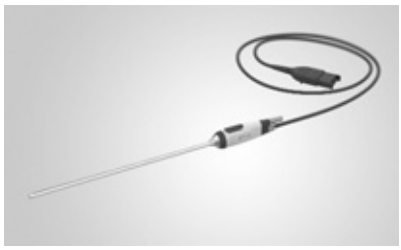
DFVision (short for "dragonfly vision") is a 3D electronic laparoscope designed to examine abdominal, thoracic and pelvic organs. It is inserted through a small incision in the abdominal wall, and gathers images as it probes along.

DFVision's dual objective lenses allow it to provide surgeons with 3D visualization with natural depth of field. Leveraging *DFVision*'s strong image gathering, processing and transmission technology, a surgeon views high-resolution, real-time images of the organs with natural depth of field. These features significantly flatten surgeons' learning curve and allow them to operate the laparoscope with ease, which further enhances safety of the surgery. In October 2019, the first cholecystectomy (removal of gallbladder) using *DFVision* was successfully completed in Sir Run Run Shaw Hospital of Zhejiang University Medical School, which marked the first surgery completed with a Chinese-developed 3D electronic laparoscope.

DFVision is classified as a Class III medical device under NMPA regulations. It was recognized as an innovative medical device by the NMPA, or entered the "Green Path," in April 2019. *DFVision* was the first Chinese-developed 3D electronic laparoscope admitted to the Green Path, according to Frost & Sullivan. We submitted a registration application to the NMPA in August 2020 and received approval in June 2021.

Product Structure

DFVision comprises a 3D electronic laparoscope and an image processor.



3D electronic laparoscope

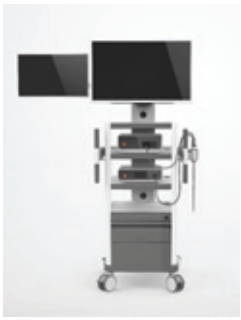


Image processor

Two objective lenses at the tip of the borescope initially gather images of the surgical field. The two lenses are almost in parallel but with a slight difference. The two sub-images, after being transmitted through the borescope, are projected onto the image sensor as one merged image with natural depth of field. The image sensor further processes the image and converts its data into digital signals. The digital signals are transmitted through optical fiber and then displayed on the monitor.

Operational Procedure

The surgeon makes a small incision on the patient's abdomen, usually near the belly button. A small tube called a cannula is inserted to inflate the abdomen with carbon dioxide. This inflation allows the surgeon to observe the abdominal organs more clearly. Then the laparoscope is inserted

through the incision, and the surgeon can view moving images of the organs with minimal delay as the laparoscope probes along.

Features

We believe *DFVision* has the following features and benefits:

- *Stereo visualization.* Leveraging its dual objective lenses, *DFVision* provides 3D visualization of the target organ. The natural depth of field allows the surgeon to have intuitive observation, which makes the operation easier and reduces surgeon fatigue.

- *High-definition, real-time image transmission. DFVision* has strong image transmission and processing capabilities. Surgeons view high-definition images of the target organ on the monitor with minimal delay. In addition, *DFVision*'s high magnification feature enables surgeons to zoom in the view smoothly, observe minute blood vessels clearly and operate with greater precision.

- *Light weight. DFVision*'s dual objective lenses are placed at the tip of the borescope. This design eliminates the need for a camera focusing unit in conventional laparoscopes. This significantly reduces the weight of the laparoscope, making it easier for surgeons to manipulate precisely, particularly in small surgical fields.

Commercialization Plan

We plan to kickstart marketing campaigns for *DFVision* in the second half of 2021, publicizing *DFVision*'s NMPA approval and promoting its product awareness among target hospitals and surgeons in preparation for a formal commercial launch in the fourth quarter of 2021. In addition, since the third quarter of 2021, we have started arranging trial uses of *DFVision* in a number of hospitals in China to help surgeons gain familiarity with the product on the one hand and to help us collect feedbacks from the surgeons on the other hand, so that we can fine-tune the product on a continuous basis.

Material Communications with the NMPA

DFVision entered the Green Path in April 2019. We had a meeting with the NMPA in December 2019, during which we introduced a comparison between *DFVision* and comparable products and discussed the comparability study plan with the NMPA. We submitted a registration application to the NMPA in August 2020, having discussed and confirmed with the NMPA that the product would be exempted from clinical trial. *DFVision* was subsequently approved by the NMPA in June 2021. Other than the above, we have not had any material regulatory communications with the NMPA for *DFVision*, and we are not aware of any material concern from the NMPA in connection with *DFVision*.

WE CANNOT GUARANTEE YOU THAT WE CAN SUCCESSFULLY MARKET *DFVISION* IN CHINA IN A TIMELY MANNER, IF AT ALL.

Orthopedic Surgical Robots

Honghu Orthopedic Surgical Robot ("*Honghu*")

Honghu is an orthopedic surgical robot designed for joint replacement surgery. Currently, our research and development primarily focuses on the application of *Honghu* in total knee arthroplasty, or TKA, a surgery to remove damaged cartilage and bones from the surface of knee joint and replace them with artificial implants. We are also conducting design development on the application of *Honghu* in total hip arthroplasty, or THA. *Honghu* was the only Chinese-developed joint replacement surgical robot with a self-developed robotic arm as of the Latest Practicable Date, according to Frost & Sullivan.

Honghu's preoperative planning software builds a 3D virtual bone model based on CT scans, and the surgeon further prepares a 3D image-based preoperative plan which defines the optimal size, fit, position and alignment of implants (which are made of metal and polymer materials) according to the patient's anatomy. In a conventional TKA, the surgeon performs bone cutting and implant placement manually. As a result, lower limb alignment and soft tissue balance cannot be accurately quantified and rely heavily on the surgeon's expertise. Inevitable inaccuracy causes patient discomfort and limits the longevity of the implants. In contrast, with the aid of the optical navigation system, *Honghu*'s robotic arm guides precise bone cutting and implant placement in accordance with the preoperative plan. The navigation technology minimizes the difference between the preoperative plan and postoperative outcome, reduces surgical complications and facilitates patient recovery.

Honghu is classified as a Class III medical device under NMPA regulations. *Honghu* was recognized as an innovative medical device by the NMPA, or entered the "Green Path," in May 2020. We completed the first surgery for *Honghu* in Ninth People's Hospital of Shanghai Jiaotong University School of Medicine on June 30, 2020.

We completed a registrational clinical trial in China to evaluate the efficacy and safety of *Honghu* for TKA in July 2021 and submitted a registration application to the NMPA in the same month. We are also currently conducting design development for *Honghu*'s potential application in THA and plan to perform design validation in early 2022 and commence a clinical trial for THA in China by the end of 2022.

Product Structure

Honghu comprises an optical navigation cart, a surgical platform and instruments and accessories.

Optical Navigation Cart

The optical navigation cart consists of optical navigation devices, a monitor and installed navigation software. The optical navigation devices track the navigation markers placed in the patient's leg bones during the bone registration process, which allows the system to locate the anatomic landmarks and match them with those in the 3D image-based preoperative plan prepared based on the 3D virtual bone model before surgery. Such information is processed by the navigation software installed in the computer system in the optical navigation cart. The navigation system allows the surgeon to perform bone cutting and place the implants following the preoperative plan more precisely, thereby protecting healthy bones and tissues, reducing the risk of inadvertent transection of vital structures and increasing the implants' longevity. Such precision is difficult to achieve in conventional TKA, where the surgeon performs bone cutting manually with cutting jigs and refines the cuts through various adjustments.

Surgical Platform

The surgical platform primarily consists of a robotic arm and the surgical platform cart. The robotic arm moves the cutting block to the targeted position as designed in the preoperative plan, then the surgeon cuts the bone with the electric saw with the guidance of the cutting block. The robotic arm has six mechanical joints, which allow it to move smoothly and steadily. The surgical platform cart also carries power and communication systems.

Instruments and Accessories

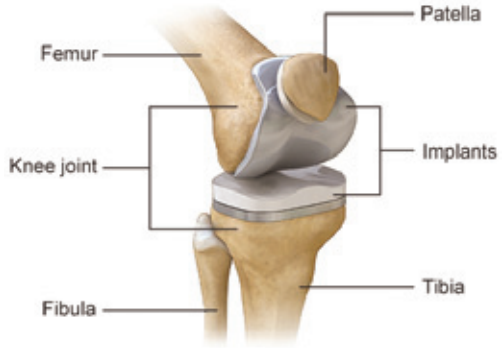
Honghu is equipped with various instruments and accessories, including, for example, stabilization pins, navigation markers and bone movement monitors, which are used to stabilize the leg bones, track anatomic landmarks and monitor bone movements, respectively. There are also sterile drapes used to ensure a sterile field during surgery.

Operational Procedure

The key steps of operating *Honghu* are summarized below:

- *Preoperative planning*. A CT scan is performed on the target joint, and the CT images are analyzed by our intelligent preoperative planning software, which converts the data into a 3D virtual bone model. The surgeon can view and manipulate the 3D model, select the ideal implant and further define the optimal implant size, fit, position and alignment based on individual patient anatomy. A 3D image-based preoperative plan is then produced for surgical implementation.

- *Bone registration.* The 3D image-based preoperative plan is uploaded to the robotic arm control software in the surgical platform. The surgeon first performs a standard medial parapatellar approach, which opens the knee joint and flips the kneecap. Then navigation markers are placed. The surgeon further identifies anatomic landmarks on the leg bones corresponding to those in the 3D virtual bone model. By doing so, the 3D preoperative plan is matched with the patient's actual anatomy.



- *Bone cutting and implant placement.* With the guidance of the optical navigation system, the robotic arm moves the cutting block to the targeted position as designed in the preoperative plan, then the surgeon cuts the bone with the electric saw with the guidance of the cutting block. The surgeon then places the implants, and performs soft tissue balancing and a trial of the implants. Once finalized, the surgeon cements the implants and then assesses the implants' stability, kneecap tracking and the knee joint's range of motion.
- *Wound closure.* Wound closure is performed in a routine fashion via layered closure.

Features

We believe *Honghu* has the following features and benefits:

- *Custom-made, 3D bone model and preoperative plan. Honghu*'s preoperative planning software builds a 3D virtual bone model based on CT scans, and the surgeon further prepares a 3D image-based preoperative plan which defines the optimal implant size, fit, position and alignment according to the patient's anatomy.
- *Precise bone cutting and implant placement driven by navigation technology. Honghu*'s navigation technology guides surgeons to cut precisely what they have planned, which helps them to preserve healthy bones and soft tissues. Surgeons can also refine the surgical plan intraoperatively for enhanced soft tissue balance. The precision in bone cutting and implant placement minimizes the difference between the preoperative plan and actual surgical outcome, providing greater consistency and reliability in TKA.
- *Reduced operative time and minimal invasiveness.* Leveraging the 3D preoperative plan and the navigation technology, *Honghu* reduces the operative time from incision to suture, as surgeons can avoid the repetitive manual refinements of bone cuts in conventional TKA. This also reduces the invasiveness to the patients' bones and soft tissues, and facilitates their recovery after surgery.
- *Increased cost-efficiency.* Compared with traditional TKA, robot-assisted TKA has better cost efficiency. Using the 3D preoperative planning software, a surgeon can determine the optimal implant size, fit and position before surgery, and can make further adjustments during surgery as guided by the navigation system. In contrast, in a conventional TKA, a surgeon must prepare various implant candidates of different parameters to be selected during surgery, and the cost for preparing, manufacturing, delivering and sanitizing such implant candidates can be substantial. *Honghu*'s navigation system also eliminates the need for many accessories that must be used in conventional TKA, such as the femoral alignment rod, ankle holder and tibia measurer.

Summary of Clinical Trials

Registrational Clinical Trial

Overview. The registrational clinical trial was a prospective, multicenter, randomized and single-arm trial to evaluate the efficacy and safety of *Honghu* for TKA.

Trial design. 106 patients were enrolled in 5 trial sites. The primary efficacy endpoint of the trial was surgery success rate. A surgery was deemed successful when (i) the robot-assisted TKA was completed, and (ii) the difference between the preoperatively planned hip-knee-ankle angle and the actual hip-knee-ankle angle obtained postoperatively was less than 3°.

Secondary efficacy endpoints included lateral distal femoral angle and medial proximal tibial angle. These angles measure the alignment of the lower limbs and the knee. Secondary efficacy endpoints also included the Knee Society Score, or KSS, and the Western Ontario and McMaster Universities Osteoarthritis Index, or WOMAC Index, both being scoring systems to rate the patient's functional abilities before and after TKA.

The safety profile was assessed by the occurrence of AEs, serious AEs and implant displacement.

Trial status. The clinical trial commenced in September 2020 and patient enrollment was completed in January 2021. The trial was completed in July 2021.

Efficacy and safety results. All primary and secondary efficacy endpoints were met. The trial also demonstrated *Honghu*'s good safety profile. There was no occurrence of device-related AE or serious AE, device defect or implant displacement.

Market Opportunities and Competition

Osteoarthritis can make everyday activities difficult to perform. If nonsurgical treatments are not effective, joint replacement surgery is the best option to relieve pain and stiffness. Conventionally, joint replacement surgery is performed with manual instruments. Surgeons do preoperative planning on two-dimensional images, perform bone removal manually with cutting jigs, and place implants freehand. Implant alignment and soft tissue balance cannot be accurately quantified and rely heavily on the surgeon's experience.

China's first robot-assisted joint replacement surgery was performed in 2016. Since then, robot-assisted joint replacement surgery has gained increasing attention given its higher accuracy and consistency of implant positioning, resulting in less postoperative pain and earlier functional recovery. In the long run, robot-assisted joint replacement surgery also provides longer implant survivorship because of the more accurate placement of the implant.

According to Frost & Sullivan, the number of robot-assisted joint replacement surgeries performed in China annually increased from nil in 2015 to 243 in 2020 and is expected to further increase to 79,964 in 2026 at a CAGR of 162.8% from 2020. The penetration rate of robot-assisted joint replacement surgeries in China was less than 0.1% in 2020, and is estimated to reach 3.1% in 2026. Accordingly, the market size of robot-assisted joint replacement surgeries in China increased from nil in 2015 to US$14.8 million in 2020, and is expected to further increase to US$332.3 million in 2026 at a CAGR of 68.0% from 2020.

Despite the growing demand for robot-assisted joint replacement surgery in China, the RIO Surgical Robot, developed by MAKO Surgical Corporation (later acquired by Stryker Corporation), was the only joint replacement surgical robots approved by the NMPA as of the Latest Practicable Date. *Honghu* was the only Chinese-developed joint replacement surgical robot with a self-developed robotic arm as of the Latest Practicable Date, according to Frost & Sullivan. The following table sets forth the competitive landscape of joint replacement surgical robots in China:

Developer	Product	Development Stage	NMPA Green Path	Surgical Application
Our Company	*Honghu* (鴻鵠®)	NMPA registration application submitted	Yes	TKA
MAKO (acquired by Stryker)	RIO Surgical Robot	NMPA approved (2014)	-	TKA* and THA
Jointech (键嘉)	ARTHROBOT Surgical Robot	Clinical trial patient enrollment completed	Yes	THA
Yuanhua Tech (元化智能科技)	Gusheng Yuanhua Surgical Robot	Clinical trial patient enrollment completed	-	TKA
HURWA (和華瑞博)	HURWA Surgical Robot	Clinical trial stage	-	TKA

Source: Frost & Sullivan analysis

* MAKO was first approved by the NMPA in 2014 and was recently approved for TKA as an expanded surgical application.

Development Plan

We completed the registrational clinical trial for TKA and submitted the registration application to the NMPA in July 2021. In addition to TKA, we are also exploring *Honghu*'s application in THA. We are currently conducting design development for THA and plan to complete the design and cadaveric validation of the prototype robot by the end of 2021. We plan to perform design validation in early 2022 and commence a clinical trial for *Honghu*'s application in THA in China by the end of 2022.

Material Communications with the NMPA

Honghu entered the Green Path in May 2020. Leveraging the Green Path status, we discussed with the NMPA regarding our development plan for *Honghu* and NMPA had no objection to our development plan. We submitted the registration application to the NMPA in July 2021. Other than the above, we have not had any material regulatory communications with the NMPA for *Honghu*, and we are not aware of any material concern from the NMPA in connection with *Honghu*.

WE CANNOT GUARANTEE YOU THAT WE CAN SUCCESSFULLY DEVELOP AND MARKET *HONGHU* IN CHINA IN A TIMELY MANNER, IF AT ALL.

Spine Surgical Robot

We are developing a spine surgical robot to assist surgeons in placing implants or manipulating surgical instruments with high precision in surgeries for spine degeneration (the gradual loss of normal structure and function of the spine), fracture, tumor and stenosis (the abnormal narrowing of the spaces within the spine). Spine surgery is particularly well positioned to benefit from robotic

assistance, as procedures in this specialty often require repetitive movements during lengthy operations, as well as fine manipulation of vital structures in constricted surgical fields.

Robot-assisted spine surgery achieves greater operative precision leveraging computer-assisted navigation systems. Based on CT scans, the navigation system generates a real-time 3D spinal map, which is then be used to guide the implant placement. Implants in spine surgeries are bone screws inserted to the spine to affix rods and plates used to correct deformity or treat spinal trauma. They may also be used to immobilize part of the spine to assist fusion by holding bony structures together.

Another advantage of robotic assistance is reduced radiation exposure. In a traditional spine surgery, X-ray plays a crucial role in the guidance of implant placement. Therefore, patients, surgeons and staff members in the operating room are exposed to significantly more harmful ionizing radiation than they are in other neurosurgical surgeries. Leveraging the navigation system, a robot-assisted spine surgery requires significantly fewer X-ray prints.

We are currently conducting design development for the spine surgical robot. We plan to complete the development of the first-generation prototype and conduct a cadaveric validation study in 2022 and commence a clinical trial in China in 2023.

WE CANNOT GUARANTEE YOU THAT WE CAN SUCCESSFULLY DEVELOP AND MARKET THE SPINE SURGICAL ROBOT IN CHINA IN A TIMELY MANNER, IF AT ALL.

Panvascular Surgical Robots

R-One™ Vascular Interventional Surgical Robot (*"R-One"*)

We established a joint venture (Shanghai Cathbot) with Robocath, a France-based medical robotic company, to manufacture and distribute in Greater China certain Robocath robots and accessories which had received regulatory approvals outside Greater China, and to jointly pursue specific research and development projects relating to these robots and accessories. See "—Collaboration with Third Parties—Robocath" for details. *R-One* is the first robot developed by Robocath and obtained CE marking in 2019. It is designed for robot-assisted coronary angioplasty, the medical procedure that restores blood flow in the cardiac muscle by inserting one or more implants into the arteries that supply it with blood.

R-One is designed to operate with precision and perform specific movements to facilitate and enhance the interventional procedures performed on the patient. It also offers a better working environment for physicians and other operation room staff and a reduction of X-ray exposure. Consisting of a robotic arm and a control unit, *R-One* allows physicians to precisely guide a catheter through the patient's blood vessels. *R-One* has two key technologies, R-Grasp and R-Lock. R-Grasp is a unique technology capable of reproducing human hand movements throughout the procedure, offering the physician greater freedom of movement. R-Lock keeps the guidewire that maneuvers the catheter into the body stable, thereby reducing the chance of the catheter's movement deviation.

In a prospective, randomized, controlled preclinical trial conducted by Robocath, *R-One* demonstrated safety and efficacy as it achieved 100% surgical success and there was no occurrence of major adverse cardiovascular events (MACEs). *R-One* received the CE marking in February 2019 and is currently available in the EU and Africa. In addition to *R-One*, we also collaborate with Robocath in the framework of various specific research and development projects.

Upon entering into the agreements for the joint venture formation, we promptly commenced the preparation for the NMPA registration of *R-One*. Shanghai Cathbot plans to commence a registrational clinical trial in China in the fourth quarter of 2021 and submit the registration application to the NMPA in 2022. The registrational clinical trial is designed as a prospective, single-arm, multi-center clinical trial. The primary efficacy and safety end points include successful completion of the surgery, reduction of vascular stenosis below a certain degree, no occurrence of intraoperative complications or MACEs.

WE CANNOT GUARANTEE YOU THAT WE CAN SUCCESSFULLY DEVELOP AND MARKET *R-ONE* IN CHINA IN A TIMELY MANNER, IF AT ALL.

TAVR Surgical Robot

We are also developing a surgical robot for transcatheter aortic valve replacement, or TAVR, a minimally invasive heart procedure to treat aortic valve stenosis. Aortic valve stenosis occurs when the heart's aortic valve narrows and cannot open fully, which reduces or blocks blood flow from the heart to the rest of the body.

In an open surgery for aortic valve replacement, the surgeon has to create a six- to eight-inch incision through the breastbone and must spread the ribs to create the surgical space. TAVR was developed as an approach to minimize the significant invasiveness of open surgery, especially for patients who are at immediate or high risk of complications from open surgery. In a TAVR, a catheter, or a hollow tube, is inserted through a blood vessel in the leg or a small incision in the chest, and is guided to reach the aortic valve. Once the new valve is positioned, a balloon on the catheter's tip is inflated to expand the new valve into the appropriate position. Typically, the breastbone does not need to be open and the ribs do not need to be spread to perform the procedure. As a result, patients enjoy benefits such as less bleeding, decreased risk of infection, shorter hospital stay and faster recovery.

Robot-assisted TAVR further overcomes the limitations of conventional TAVR in various aspects. In addition to catheter insertion pathways of leg artery and the heart apex (the tip of the left heart chamber), robot-assisted TAVR is also compatible with the pathway of the ascending aorta (a major artery of the heart), which provides an alternative for patients not eligible for the leg artery pathway and causes less pain as compared with the heart apex pathway. In addition, in a conventional TAVR, surgeon performs the procedure inside an MRI scanner. The limited space in the MRI scanner creates significant inconvenience to the surgeon's operation and further reduces the precision and consistency in surgical outcome. Robot-assisted TAVR allows for larger operative space leveraging its remote control technology, and also reduce surgeons' radiation exposure as a result.

We are currently conducting design development for the TAVR surgical robot. In particular, we have been improving our design to improve the surgical robot's dexterity and compatibility. We plan to commence an exploratory clinical trial in 2023 and a registrational clinical trial in 2024.

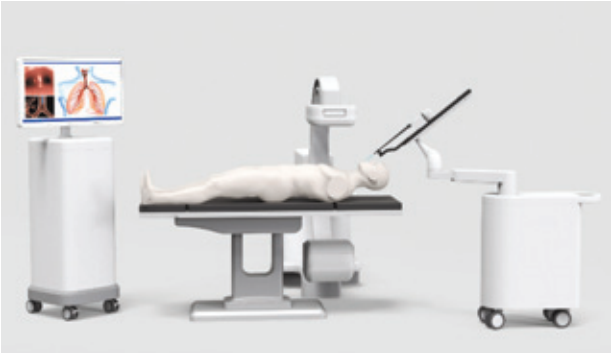
WE CANNOT GUARANTEE YOU THAT WE CAN SUCCESSFULLY DEVELOP AND MARKET THE TAVR SURGICAL ROBOTS IN CHINA IN A TIMELY MANNER, IF AT ALL.

Natural Orifice Surgical Robot

Trans-bronchial Surgical Robot

We are developing a trans-bronchial surgical robot for diagnostic and therapeutic bronchoscopic procedures, where a flexible endoscope enters the bronchi, the primary divisions of the air pathways that lead respectively into the lungs, to diagnose and biopsy lung nodules when they are small and more easily treated. A lung nodule is a small growth on the lung and can be benign or malignant. The malignant ones are cancerous and can grow quickly. Traditional bronchoscopy is less likely to detect lung nodules that are small or in hard-to-reach areas, and may delay diagnosis.

The trans-bronchial surgical robot seeks to leverage the power of flexible robotics to enable new possibilities in endoscopy, which uses a camera and tools to enter the lungs through their natural airways. It is designed to travel deep into the lungs and precisely guide a biopsy instrument to those hard-to-reach nodules, and surgeons are able to see the movement of the biopsy instrument continuously throughout the entire procedure.



We completed the design and validation review for the latest prototype robot in December 2020 and have also performed several animal studies. Our research and development focuses on improving various capabilities of the trans-bronchial surgical robot, such as minimizing the interference of patients' breaths on the navigation system, improving flexibility of the endoscope to pass through narrow parts of the trachea and reducing patient's discomfort during the surgery. We plan to commence a registrational clinical trial for the trans-bronchial surgical robot in 2023, and submit a registration application to the NMPA in 2024.

WE CANNOT GUARANTEE YOU THAT WE CAN SUCCESSFULLY DEVELOP AND MARKET THE TRANS-BRONCHIAL SURGICAL ROBOT IN CHINA IN A TIMELY MANNER, IF AT ALL.

Percutaneous Surgical Robots

Automated Needle Targeting Robotics Systems ("ANT")

We established a joint venture (Shanghai Targbot) with NDR, a Singapore-based surgical robot company, to jointly develop, manufacture and commercialize localized NDR products and to

distribute imported NDR products in Greater China. See "—Collaboration with Third Parties—NDR" for details. NDR's key product, *ANT*, integrates artificial intelligence and medical imaging positioning technologies, which allows it to achieve precise needle positioning used in percutaneous intervention procedures for kidney, lung and other organs. *ANT* has two sub-types, *ANT-C* and *ANT-X*, indicated for use in percutaneous lung biopsy and percutaneous nephrolithotomy (removal of kidney stones), respectively.

Percutaneous lung biopsy is a procedure in which samples of lung tissue are removed by a long needle inserted through the chest to determine if lung disease or cancer is present. It is one of the most popular methods in the diagnosis of lung cancer. The advances of such early-stage diagnostic techniques have propelled the increase of survival rates of lung cancer patients in recent years. *ANT-C* assists physicians to perform CT-guided operations more precisely, which further boosts accuracy of needle biopsy, reduces complications and enhances the availability of precise diagnosis to early-stage lung cancer patients.

Percutaneous nephrolithotomy is the surgery that removes kidney stones with a long needle inserted through a small incision at the patient's back. The precise positioning of the needle is the most critical step in percutaneous nephrolithotomy. The X-ray guidance provided by *ANT-X* increases the accuracy of needle position, reduces surgeon's learning curve and minimizes the risk of postsurgical complications due to improper operation.

ANT-C is under NDR's preclinical-stage development and *ANT-X* has obtained CE Marking in 2020. We and NDR plan to co-develop the next generation of *ANT* through Shanghai Targbot.

iSR'obot™ Mona Lisa Robotic Transperineal Prostate Biopsy System (*"Mona Lisa"*)

We established a joint venture (Shanghai Intbot) with Biobot, a Singapore-based surgical robot company, to jointly develop, manufacture and commercialize localized Biobot products and to distribute imported Biobot products in Greater China. See "—Collaboration with Third Parties—Biobot" for details. Biobot's key product, *Mona Lisa*, is a robotic system indicated for transperineal prostate biopsy, a diagnostic procedure to collect issue samples in the prostate gland. In 2017, Biobot was approved by the FDA and obtained CE marking.

Mona Lisa comprises a workstation, a robotic navigation module and accessories and instruments. The workstation is connected to the ultrasound probe and displays 2D live image feeds on the monitor. The surgeon defines the apex and base limits of the prostate, and the robotic arm moves the ultrasound probe within those limits to capture multiple 2D slices of the prostate to construct a 3D image stack. The surgeon may further refine the constructed 3D image stack by indicating and confirming the planned biopsy core, anatomical markers and the prostate contour.

The robotic navigation module comprises a robotic arm and a bed rail stabilizer. The bed rail stabilizer has six degrees of freedom and is able to lock and release to position the robotic arm. The robotic arm holds and moves the ultrasound probe, and also pivots the needle guidance mechanism to facilitate insertion of the biopsy needle by the surgeon.

During the biopsy procedure, real-time 2D ultrasound images are displayed on the monitor. After the robotic arm has reached the planned location, the surgeon manually inserts the needle into the prostate to collect the biopsy cores. The 2D live ultrasound images may be marked up to record the actual locations where the biopsy cores were taken. The system is able to pivot and facilitate re-insertion of the needle if the actual location of the biopsy core is distant from the planned location.

Shanghai Intbot plans to commence a registrational clinical trial in China in the second half of 2021 to evaluate *Mona Lisa*'s efficacy and safety for transperineal prostate biopsy, and plans to submit a registration application to the NMPA in 2022.

WE CANNOT GUARANTEE YOU THAT WE CAN SUCCESSFULLY DEVELOP AND MARKET THE PERCUTANEOUS SURGICAL ROBOTS IN CHINA IN A TIMELY MANNER, IF AT ALL.

COLLABORATION WITH THIRD PARTIES

In addition to our in-house research and development efforts, we also evaluate opportunities to collaborate with other surgical robot companies. We have established joint ventures with Robocath, NDR and Biobot in China. In all three cases, the joint ventures will be responsible for further developing, obtaining regulatory approvals for, manufacturing and distributing our partners' robotic products in Greater China. We believe that the collaboration will allow us to further diversify our product portfolio and make available to Chinese surgeons and patients advanced robotic products that address their needs and preferences. We see great potential synergy in marrying our partners' technical expertise and our in-depth understanding of the China market.

Robocath

Robocath is a privately held medical device company organized in France which designs, develops and commercializes robotic solutions to treat vascular diseases. We invested in Robocath and held approximately 16% of the issued share capital of Robocath as of the Latest Practicable Date. See "History, Reorganization and Corporate Structure—Acquisition of certain interest in Robocath" for details. In October 2020, we and Robocath entered into a joint venture agreement and several ancillary agreements to establish a joint venture in China and to have further collaborations through the joint venture. The joint venture, Shanghai Cathbot, was established in March 2021 and is owned as to 51% by us and 49% by Robocath by capital contribution. Set forth below is the summary of the key terms of the joint venture agreement and its ancillary agreements.

- *Purpose of the joint venture*. The purpose of the joint venture is to (i) set up a production unit for robotic cassettes, a type of surgical robot disposables, in Greater China, which are to be distributed in Greater China or any other markets at Robocath's sole election; (ii) assemble the Robocath robots in Greater China; (iii) distribute imported Robocath robots and cassettes in Greater China; (iv) provide technical consultation, technical services, information service, medical educational services and activities and after-sale services; and (v) carry out research and development activities.

- *Development collaboration.* We and Robocath shall collaborate within Shanghai Cathbot to (i) seek all required regulatory approvals to allow Shanghai Cathbot to manufacture and commercialize the Robocath robots and accessories, (ii) pursue research and development activities on specific projects in accordance with a development plan which will be discussed and agreed in good faith by both parties. Shanghai Cathbot will be responsible for all development costs incurred with respect to the development plan. In addition, Shanghai Cathbot will be responsible for the regulatory activities in support of filing any regulatory submissions and obtaining any regulatory approval in Greater China, and shall pay all costs incurred in connection with such regulatory activities. Such regulatory costs shall include the costs of all clinical trials to be performed as well as the costs for establishing and maintaining the appropriate quality systems.

- *Collaboration committee.* The collaboration shall be conducted under the oversight of a collaboration committee, which shall consist of one representative each from Robocath, us and the joint venture. The collaboration committee shall be primarily responsible for supervising the performance of the development plan. Specifically, the collaboration committee will regularly assess the progress of the development plan against the timelines and budgets contained therein; review and discuss all activities and decisions related to clinical studies and clinical study sites; review and discuss drafts of filings and submissions for regulatory approvals; prepare a branding strategy and submit it to the joint venture's board for approval; and review and approve promotional materials for the products' marketing activities in Greater China. In the event of a tied vote, the chairperson of the collaboration committee, appointed alternatively by us and Robocath, shall cast a deciding vote.

- *Manufacturing, supply and distribution.* Shanghai Cathbot is exclusively appointed by Robocath to set up a production unit to manufacture the cassettes and assemble the Robocath robots to support the commercialization of the Robocath robots in China. Shanghai Cathbot shall exclusively distribute the robots and cassettes in Greater China under dual brand names. Namely, (i) a new brand name under the name of the joint venture for products produced by the joint venture locally, and (ii) the brand name of Robocath will be used for products directly imported abroad from Robocath.

- *Intellectual properties.* We and Robocath agree to grant Shanghai Cathbot a royalty-free, exclusive license over Robocath's and our intellectual property and know-how, respectively, as required to implement the development plan and carry out the business in Greater China. Robocath and we retain all rights to its and our own intellectual property and know-how, respectively. Any invention, know-how and/or intellectual property rights

developed as a result of the joint venture's activities and/or which results from the parties' collaboration shall be owned by the joint venture as collaboration IP to the extent such invention, know-how and/or intellectual property rights may be exploited independently from our and Robocath's own invention, know-how and other intellectual property.

- *Term.* The *operation* term of the joint venture shall be fifty years, which may be extended by both parties' negotiation before the expiration of the operation term. All the ancillary agreements (including the collaboration agreement, manufacturing agreement, the supply agreement and distribution agreement), except for the licenses on collaboration IP, shall have an initial term of ten years and shall provide for an automatic renewal unless terminated by either party at least six months prior to the expiration of the initial ten-year term.

- *Dissolution.* Shanghai Cathbot shall be dissolved upon expiration of the operation term, if the term is not extended, either party's material breach or by a unanimous vote of Shanghai Cathbot's shareholders to wind it up.

NDR

NDR is a Singapore-based, privately held, pre-revenue medical device company that has developed an automated needle targeting robotics system used in percutaneous biopsy. We made a strategic investment in NDR and held approximately 28.16% of the issued share capital of NDR as of the Latest Practicable Date. See "History, Reorganization and Corporate Structure—Acquisition of certain interests in NDR" for details. At the same time, we also entered into a joint venture agreement with NDR to establish a China-based joint venture company and to have further collaborations through the joint venture. The joint venture, Shanghai Targbot, was established in February 2021, which was owned as to 41% by us, 39% by NDR and 20% by a connected person of us by capital contribution. See "History, Reorganization and Corporate Structure—Our Major Subsidiaries and Joint Venture Companies." Set forth below is the summary of the key terms of the joint venture agreement.

- *Purpose of the joint venture.* The purpose of the joint venture is to (i) develop, manufacture and commercialize a localized version of the NDR robots in Greater China, (ii) manufacture, sell and distribute exclusively the NDR robots in Greater China, (iii) provide technical consultation, technical services, information service, medical educational services and activities and after-sale services, and (iv) carry out necessary activities relating to above businesses.

- *Development collaboration.* We and NDR shall collaborate within Shanghai Targbot in accordance with a development plan agreed by both parties. Both parties shall perform their respective development activities and provide their respective services in accordance with the development plan. Shanghai Targbot will be responsible for obtaining required regulatory approvals for manufacturing and commercializing such products in Greater China and shall pay all costs incurred in connection with such regulatory activities.

- *Manufacturing.* Shanghai Targbot is exclusively appointed to manufacture and assemble the NDR robots in China, and is also authorized to utilize NDR's technology to further develop the NDR robots based on localization needs.

- *Sales and distribution.* Shanghai Targbot is exclusively appointed to sell and distribute the NDR robots in Greater China under dual brand names, namely, (i) the brand name of the joint venture for products produced by the joint venture locally, and (ii) the brand name of NDR for products directly imported abroad from NDR. Shanghai Targbot shall be solely responsible for the sales and marketing costs. Shanghai Targbot shall exclusively distribute the robots in Greater China.

- *Intellectual properties.* NDR agrees to grant Shanghai Targbot an exclusive, royalty-free license over NDR's intellectual property as required to implement the development plan and carry out the business in Greater China. Shanghai Targbot has exclusive rights in Greater China on any invention, know-how and/or intellectual property rights developed as a result of the joint venture's activities and/or which results from the parties' collaboration. The joint venture grants NDR a royalty-free license on the collaboration IP in jurisdictions other than Greater China.

- *Term.* The operation term of the joint venture shall be ten years, which may be extended by both parties' negotiation before the expiration of the operation term.

- *Dissolution.* Shanghai Targbot shall be dissolved upon expiration of the operation term, if the term is not extended, either party's material breach, material deterioration of Shanghai Targbot's business or by a unanimous vote of Shanghai Targbot's shareholders to wind it up.

Biobot

Biobot is a Singapore-based medical device company dedicated to developing minimally invasive robotic healthcare solutions. Biobot's key product, *Mona Lisa*, was approved by the FDA and obtained CE marking in 2017. In November 2020, we entered into a joint venture agreement with Biobot to establish a China-based joint venture company and to have further collaborations through the joint venture. At the same time, we also invested in Biobot and held approximately 17.72% of the issued share capital of Biobot as of the Latest Practicable Date. The joint venture, Shanghai Intbot, was established in March 2021, which was owned as to 40% by us, 30% by Biobot and 30% by a connected person of us by capital contribution. See "History, Reorganization and Corporate Structure—Acquisition of certain interests in Biobot" for details. We further entered into a series of ancillary agreements to the joint venture agreement with Biobot in April 2021, including the collaboration agreement, distribution agreement, manufacturing agreement and IP licensing agreement. Set forth below is the summary of the key terms of the joint venture agreement and the ancillary agreements.

- *Purpose of the joint venture.* The purpose of the joint venture is to (i) assemble and distribute exclusively the Biobot robots in Greater China; (ii) set up a production unit in Greater China for the disposables used in the Biobot robots; (iii) develop, manufacture and commercialize a localized version of the Biobot robots and its disposables under a domestic brand in Greater China; and (iv) carry out necessary activities relating to the above business in Greater China, including but not limited to clinical, regulatory and market entry activities, technical consultation, technical services, information service, medical educational services and after-sale services.

- *Development collaboration.* We and Biobot shall collaborate within Shanghai Intbot in accordance with a development plan agreed by both parties. Both parties shall perform their respective development activities and provide their respective services in accordance with the development plan. Shanghai Intbot will be responsible for all development costs incurred with respect to the development plan. In addition, Shanghai Intbot will be responsible for the regulatory activities in support of filing any regulatory submissions and obtaining any regulatory approval in Greater China, and shall pay all costs incurred in connection with such regulatory activities. Such regulatory costs shall include the costs of all clinical trials to be performed as well as the costs for establishing and maintaining the appropriate quality systems.

- *Collaboration committee.* The collaboration shall be conducted under the oversight of a collaboration committee, which shall consist of one representative each from Biobot, us and the other shareholder, a connect person of us. The collaboration committee is responsible for reviewing and approving ancillary plans that are required to achieve the milestones established in the development plan, and provides oversight on registration, design transfer and other future projects.

- *Supply.* Biobot shall provide Shanghai Intbot with samples of its robots and corresponding disposables within 30 days after entering into the collaboration agreement. The samples will be used by Shanghai Intbot for the sole purpose of obtaining regulatory approval for commercializing the Biobot robots in China.

- *Manufacturing and distribution.* Shanghai Intbot is exclusively appointed to set up a production unit to manufacture and assemble the Biobot robots. The Biobot robots shall be exclusively distributed and/or sold by the joint venture in Greater China, excluding Taiwan, where a local distributor was engaged earlier and may procure products from the joint venture subject to future negotiation.

- *Intellectual properties.* Biobot will grant Shanghai Intbot a royalty-free, exclusive license over its intellectual property as required to implement the development plan and carry out the business in Greater China. Shanghai Intbot has exclusive exploitation rights in Greater China on any invention, know-how and/or intellectual property rights developed as a result of the joint venture's activities and/or which results from the parties' collaboration.

- *Term.* The operation term of the joint venture shall be ten years, which may be extended by both parties' negotiation before the expiration of the operation term.

- *Dissolution.* Shanghai Intbot shall be dissolved upon expiration of the operation term, if the term is not extended, either party's material breach, material deterioration of Shanghai Intbot's business or by a unanimous vote of Shanghai Intbot's shareholders to wind it up.

OUR PLATFORM

Over the course of six years since our inception, we have established an innovative surgical robot platform, enabling us to conduct day-to-day research and development of pipeline products, operate clinical trials and build our manufacturing and supply chain management capabilities.

Research & Development

R&D is crucial to our business growth and the success of our operations. For each pipeline product, we typically form a project team to take responsibility in monitoring the whole development progress and leading the daily R&D work. Our R&D activities generally start with a detailed product design. Upon confirmation of the product design, we conduct preclinical studies to evaluate the functions, safety and efficacy of the pipeline products. Our R&D activities have laid a solid foundation for future manufacturing and commercialization of our pipeline products.

Product Design

The design and development of our pipeline products involve four phases: design planning, design development, design verification and design confirmation.

- *Design planning.* At this stage, we analyze market trends, regulatory requirements and existing products or products in related therapeutic areas and formulate a preliminary product protocol. We aim to address clinical needs of surgeons, taking into consideration clinical trial feasibility and our market plans.

- *Design development.* Upon completion of planning of the design of a pipeline product, we transform the product protocol into engineering requirements by using our internal manual, followed by developing and assembling hardware and software components in order to achieve the desired function and performance of the pipeline product.

- *Design verification.* At this stage, our quality management team conducts several verification tests, covering safety, efficacy, function and operability of the pipeline product.

- *Design confirmation.* Once verification of the design is completed, we conduct an internal confirmation of the design. The goal at this stage is to evaluate and confirm the safety and efficacy of our design and to ensure the design satisfies the applicable regulatory requirements.

Preclinical Studies

To evaluate the functions, safety and efficacy of our pipeline products, we perform a preclinical study before our pipeline product reaches clinical trial stage. For different pipeline products, we perform animal studies or conduct cadaveric validation based on the development plans. We generally engage experienced institutions to perform preclinical studies.

For animal studies including animal surgeries and testing, we formulate a detailed protocol which specifies the goals and requirements, and further send the protocol to the institutions we engage to evaluate the feasibility and the cost related to such studies. The institutions are responsible for the preparation, monitoring and disposal of animals during and after performing animal surgeries. In addition, we have also assembled a team of experienced product engineers, who, together with our skillful clinical personnel, are capable of and responsible for performing surgeries on animals. As of the Latest Practicable Date, we had more than ten experienced product engineers and professional clinical personnel who are able to perform animal surgeries.

Ongoing R&D

Our product R&D is ongoing. In line with industry practice for large-scale medical devices such as our surgical robots, we continuously refine and upgrade our products based on clinical feedback and technological improvements. Even if a product candidate receives regulatory approval for commercialization, we continue our R&D and may make further incremental improvements in new iterations of the product. We may also concurrently work on new generations of our products with more prominent upgrades.

Our R&D Teams

We currently have an R&D center in Shanghai where we commenced operational activities since our inception in 2015. The R&D center enables us to conduct research work and onward design and development of pipeline products. In addition, we have selected global locations to strategically enhance our comprehensive capabilities. For example, to support our global strategy, we have established an additional R&D center in Singapore, which commenced operations in September 2021, for the research of foundation technologies in preparation of the future upgrade and iteration of our surgical robots.

Our R&D center consists of eight teams. The functions and main responsibilities of each of the eight teams are shown in the following chart:

Functions	Main Responsibilities
Electrical engineering	Responsible for the design of electrical architecture and related development plans
Software development	In charge of the design and development of key software technologies and the establishment of software management system
Vision imaging development	Responsible for the development of imaging and vision technologies and related development system
Algorithm development	In charge of algorithm requirements analysis, the design, coding and integration of algorithm and the implementation of safety strategies
Mechanical engineering	In charge of mechanical requirements analysis, the design, development and analysis of mechanical parts, the establishment of mechanical engineering development procedures and the maintenance of management system
Testing	Responsible for the reliability testing of machines and parts, as well as the design, production and maintenance of R&D testing tools
Intellectual property management	In charge of intellectual property related matters, including patent applications, IP infringement analysis and the implementation of IP strategies
Fund management	In charge of application of relevant government and science foundation projects, and management, allocation and distribution of funds

Our R&D capabilities enable us to possess solid foundation technologies, a multi-disciplinary integrated platform of optics, mechanics, electronics, control, software, algorithms, graphics and artificial intelligence, a science-oriented and rigorous R&D management system, and an ability of iteration of pipeline products. As of the Latest Practicable Date, we had over 290 members focusing on research and development, approximately 60% of whom possess a master's or higher degree in relevant fields.

Our core R&D personnel have been in charge of our R&D activities since our inception and have been leading the design, research and development of our pipeline products. Our senior R&D director, Mr. Zhu Xiang, who is head of our surgical robot engineering research center, has led the design and development of *Toumai*, *Honghu* and *DFVision*. Headed by Mr. Zhu Xiang and led by other core R&D members focusing on detailed fields such as system engineering and control algorithms, we have successfully designed and developed the mechanical structures and key components of our surgical robots, and are further exploring the iteration of foundation technologies. As of the Latest Practicable Date, the core R&D personnel of our pipeline products, including *Toumai*, had remained in the Company.

Further, we occasionally invite industry experts from external institutions to provide advisory insights and guidance for our R&D teams. We also pay visits to these experts to exchange ideas and thoughts on R&D progress or latest market trends. We consider our communication with industry experts helpful to our R&D activities.

Our Foundation Technologies

We believe there are five foundation technologies that must interact well together to make the hardware and software of a surgical robot work, namely robot ontology, control algorithms, electrical engineering, image-based navigation and precision imaging. Our full coverage of and deep penetration into these technical areas have enabled us to establish advanced and sustainable product capabilities on our innovative surgical robot platform. Below is a brief description of each of the five foundation technologies.

Robot Ontology

Robot ontology means overall robotic architecture and logic, primarily including the mechanical principles, rules and mechanisms used in development and design of surgical robot, focusing on optimizing robotic arms and joints in order to achieve a more smooth and functional surgical robot which is able to operate in a more precise way.

- *High-precision transmission mechanism.* Based on our research on theoretical models and characteristics of physical movements, we have built up a transmission mechanism selection system, which enables us to apply different transmission mechanisms to different working conditions. This technology serves as a basis for developing light-weight and high-dexterity surgical robots.

- *Light-weight and high-dexterity robotic arm*. A dexterous and precisely moving robotic arm is crucial to our surgical robot. We focus on research of degree-of-freedom layout, gravity and friction analysis as well as selection of new materials to achieve a lighter and more dexterous robotic arm. With this technology, our robotic arm can work in larger space and possess a lower inertia, providing surgeons with a safer and more precise feeling of operation.

- *Performance simulation of multiple arms in narrow workspace*. We have designed a performance model to simulate the probability of collision of multiple robotic arms under different surgical positioning. By using this model, we are able to determine the optimized spatial positioning of multiple robotic arms, which further helps avoid collision of the same in narrow workspace.

- *Integrated modular design of robotic joints*. The rigidity of mechanic structure and accuracy of motion of a robotic arm directly affect its effectiveness. We have developed an integration of motor, sensor and control circuit to facilitate a universal modular design of robotic joints. With such universal modular design, we are able to improve the accuracy, and also cut the costs, of our robotic joints.

Control Algorithms

Control algorithms are a type of logic programmed to help us build models, process data and analyze errors, which can be used to control mechanical movements of robots electronically and determine their position accurately.

- *Control of remote operation*. The control of remote operation is key to a safe surgery. During surgeries, the control signal of the master arm manipulated by the surgeon is passed through a closed-loop circuit onto the slave arm operating on the patient. We have studied and designed strategies of control algorithms to ensure accurate performance of the slave arm in accordance with the surgeon's operations from the master arm, promoting the safety of a surgery.

- *Precise positioning control*. We aim to ensure the accuracy by which our surgical robot controls its positioning. This technology improves the robot's positioning control by facilitating the surgeon to realize precise operations. With this technology, we are able to ensure safe surgeries performed with our robots.

- *Safety control strategy*. We have designed an integrated online diagnosis system to conduct a thorough monitoring of input and output signals during surgeries. The surgical robot is only permitted to proceed with the operation when the output signal is detected to be consistent with what is pre-determined as the safe one. Our safety control strategy provides guidance for safe operations.

Electrical Engineering

Electrical engineering helps with management of electronic components, including designing specific circuits to ensure a stable, reliable and safe transmission of data and electrical signals.

- *High-performance servo drive circuit*. Servo drive is one of the core components of surgical robots. In response to the needs for drives, we have developed drive products with high rigidity, high dynamic response, high electromagnetic compatibility, high reliability and high safety.

- *Ultra-high-speed image processing circuit*. We have developed an integrated solution in electrical engineering including image collection, signal transmission, image processing and light source control. Such solution helps us present real-time 3DHD graphics derived from the stable and reliable transmission of high-speed image data.

Image-based Navigation

Through medical image segmentation and visualization modeling, precise navigation and positioning and spatial matching technologies, image-based navigation technology presents us with a more user-friendly operating experience, more accurate positioning and shorter operating time.

- *Medical image segmentation and visualization modeling.* Medical image segmentation includes extracting selected areas after dividing original images into regions of different properties, such as grayscale and texture. Medical image segmentation plays an important role in disease diagnosis in that it provides reliable evidence to both clinical diagnosis and research studies. Surgeons can obtain important information about specific organs, which presents a clear picture of the infected area of the patient during surgery.
- *Precise navigation and positioning.* Our surgical robots rely on spatial tracking and positioning equipment to capture the actual positions of surgical instruments. Surgeons are guided to complete the operations as they are presented with an overlayered display of preoperative image data and positioning of surgical instruments, taking into consideration preoperative imaging data and planning.

Precision Imaging

Precision imaging technology provides surgeons with high-definition images, which helps present better effects and clearer images during surgery and increases the safety of operations.

- *Micro-sized lens capability.* A laparoscope is required to possess full high definition, ultra-long depth of field and small distortion to meet clinical needs. Therefore, efficient light collection is required for the lens, especially when the diameter is increasingly smaller. This technology enables us to enhance the accuracy of observations during surgery.
- *Real-time image processing.* The amount of data to be processed during a surgery is quite large, which requires real-time processing. With real-time image processing technology, surgeons can receive high-resolution images during surgery and achieve ideal and stable dynamic effects. Images will be presented in a clearer way with electronic correction, helping enhance the safety of operations.

Our R&D Projects

During the Track Record Period, we actively participated in national, provincial and municipal R&D projects and took independent responsibility in these projects. These projects are mainly focused on systematic development of technologies, clinical application of surgical robots and protection of invention patents. In addition, during the Track Record Period and as of the Latest Practicable Date, we collaborated with top-tier domestic and international hospitals, universities and research institutions in research projects covering, for example, multi-modal medical image registration and fusion technology. As of the Latest Practicable Date, we had led or participated in 14 national and provincial research projects. We believe our participation in these research projects contributes to our brand recognition and enhances our R&D capabilities.

In 2019, 2020 and the six months ended June 30, 2021, our research and development costs were RMB61.9 million, RMB135.4 million and RMB160.1 million, respectively. We expect that our research and development costs will increase in line with the increased level of research and development activities of our pipeline products in the future.

Clinical Trials

We have a dedicated clinical trial team responsible for the day-to-day operation and management of the clinical trials of our pipeline products. Our clinical trial personnel are responsible for the clinical trial design, preparation of the necessary documents, selection of qualified clinical trial

sites and monitoring of clinical trials to ensure that clinical trials comply with our protocols and the GCP standard.

We normally select four to eight trial sites for each clinical trial. According to the relevant PRC laws and regulations, hospitals are required to be registered with the NMPA to qualify for trial sites. For each hospital trial site, we evaluate number of patients, research experiences and number of clinical trials carried out at the relevant departments of the hospital to ensure that sufficient resources will be allocated to our clinical trials. We only select reputable and experienced surgeons for our clinical trials.

In line with industry practice, during the Track Record Period, we engaged four industry-leading CROs to provide certain clinical trial services for *Toumai*, *Honghu* and *DFVision*, including preparing application reports to the ethical committee at each hospital, assisting in drafting the study protocol, designing, managing and monitoring the implementation of clinical trials, collecting and keeping patient records and providing progress summary reports. In addition, during the Track Record Period, we engaged four industry-leading SMOs, who were primarily responsible for assisting researchers to complete certain supporting duties in relation to the clinical trials of *Toumai*, *Honghu* and *DFVision*, including collecting source data and scheduling patient follow-up evaluations, among other things. We recorded RMB0.5 million, RMB4.2 million and RMB1.4 million in engagement cost in 2019, 2020 and the six months ended June 30, 2021, respectively.

We select our CROs and SMOs based on various factors, including service quality, capability, reputation, cost-effectiveness and relevant research experience. We normally enter into master service agreements with our CROs or SMOs with a detailed scope of work for each study or trial, establishing specific and detailed metrics on working methods, procedures, standards and timelines to further ensure the quality of the outcomes. We communicate with the CROs and SMOs frequently with respect to daily work such as preparation of study or trial reports, and monitor the CROs and SMOs to ensure they perform their duties with a standard in line with our protocols and industry benchmark to safeguard the integrity of the data collected from the trials and studies. All the clinical trial results are stored on our online electronic data capture (EDC) system, which is only accessed by our responsible employees and the employee of the CRO/SMO that is in charge of the clinical trial.

Key terms of our service agreement with CROs and SMOs are summarized below.

- *Services.* The CROs and SMOs provide us with services related to clinical trials in certain phases as specified in the agreement or work order.
- *Term.* The CROs and SMOs are required to complete the work on a project basis and within the prescribed time limit.
- *Payments.* We are required to make payments to the CROs or SMOs by installments according to milestones of respective services during the clinical trials.
- *Intellectual property rights*. Intellectual property arising from the clinical trials conducted by the CROs or SMOs in accordance with the agreement are exclusively owned by us.
- *Confidentiality.* The CROs and SMOs are required to keep confidential any information, documents, materials or data relating to our pipeline products and clinical trials and shall

promptly return all of the above upon the completion of the services. The confidentiality provision typically remains effective after termination or expiration of the agreement.

- *Dispute resolution.* In the event of any dispute related to the enforcement of any agreement during the clinical trial, both parties shall negotiate amicably. If an agreement cannot be reached, the parties have the right to sue.

Manufacturing and Supply Chain

As we only recently received the first approval of our pipeline products and have not commenced large-scale manufacturing of any product, we currently only manufacture sample robots for clinical trial purposes. We typically purchase parts and units from our selected qualified suppliers, and our manufacturing and supply chain team completes the assembly, verification and testing work in our own facilities. As of the Latest Practicable Date, our in-house manufacturing and supply chain team consisted of 180 members, covering manufacturing, supply and transportation management.

We currently own two manufacturing facilities in China. Our laparoscopic surgical robot manufacturing facility in Shanghai, established in January 2018 and expanded in June 2021 for the manufacture of *Toumai*, occupies an aggregate area of approximately 8,000 sq.m. Our orthopedic surgical robot manufacturing facility in Suzhou, established in June 2019 for the manufacture of *Honghu*, occupies an area of approximately 2,500 sq.m. To prepare for product launches in the near term, we plan to expand our manufacturing capacity. We are planning to establish a second laparoscopic surgical robot manufacturing facility in Shanghai to support the manufacturing of *Toumai*, *R-One* and percutaneous surgical robots and commence construction of such manufacturing facility in the end of 2022, and expect to complete its construction in three years. All of our existing manufacturing facilities comply with, and the planned manufacturing facility is expected to comply with, the GMP standard of medical device manufacturing quality management norms in China. In addition, we plan to establish an assembly facility in Shanghai, which is expected to be completed in the fourth quarter of 2021 and comply with the ISO9001 standard, to promote our capacity in assembling parts of *Toumai* and *Honghu*.

Raw Materials and Suppliers

Our key raw materials for the manufacturing of surgical robots include encoders, drivers, industrial control machines and optical position measuring machines. We typically purchase these materials from suppliers, followed by in-house processing and assembly. We manage the quality of these raw materials and, to ensure their quality, we only procure them from selected suppliers that can satisfy our stringent raw material requirements. We have built two warehouses to store raw materials in accordance with different requirements of storage condition, distinguishing different usages and batches of the raw materials. We have dedicated warehouse personnel responsible for the storage and distribution. To mitigate the interruptions or terminations of critical component parts of our surgical robots, such as motors, encoders and brakes of *Toumai*, from our suppliers, we typically maintain an additional one-year safety inventory level. We have also formulated backup plans to procure certain internationally sourced component parts from domestic suppliers.

We have set up a procurement department. The relevant R&D teams in need of supplies submit specific purchase requirements and standards to our procurement department, who will then review

and evaluate the supplier candidates from commercial and quality assessment perspectives, and formulate annual, quarterly and monthly purchase schedules. Our procurement department has established stringent rules for selection of supplier candidates and maintenance and management of suppliers. We label our supplies with different categories and have adopted different criteria accordingly. For major components, we require the supplier candidates to keep technical and compliance certificates and qualifications, and provide inspection reports or certificates for each batch of materials. For ancillary materials, we require the supplier candidates to keep relevant qualification certificates. Once we consider a supplier qualified, we will conduct verification of its sample products before final confirmation of the selection.

We normally enter into a quality assurance agreement with our suppliers together with the purchase agreement, which sets out our quality standards and inspection procedures. We have also set up a quality assurance department who is responsible for inspections on the purchased materials. Upon receiving the raw materials, we retain the right to reject or return based on our inspection results. We conduct audit for our suppliers and assess their performance annually on criteria such as quality of supplies, service and timeliness of delivery. During the Track Record Period, we did not encounter any material dispute with our suppliers or any material breach of our purchase agreements.

In 2019, 2020 and the six months ended June 30, 2021, purchases from our five largest suppliers amounted to RMB17.8 million, RMB23.6 million and RMB50.5 million, respectively, accounting for 49.3%, 23.9% and 24.6%, respectively, of our total purchases for the same periods. In the same periods, purchases from our single largest supplier amounted to RMB11.0 million, RMB9.8 million and RMB18.9 million, respectively, accounting for 30.4%, 9.9% and 9.2%, respectively, of our total purchases for the same periods. During the Track Record Period, we typically purchased raw materials, mechanical components, automated control instruments and equipment and procured services such as animal studies and patent application agent services. Our largest five suppliers, most of which are based in the PRC, are primarily engaged in R&D and commercialization of medical devices and relevant after-sales services, design and manufacture of mechanical components, equipment and hardware, and provision of professional IP services. We generally have maintained a business relationship with such suppliers for two years or longer. Except for MicroPort Group, all of our five largest suppliers during the Track Record Period were Independent Third Parties. Save as disclosed above, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) has any interest in any of our five largest suppliers that are required to be disclosed under the Listing Rules.

QUALITY MANAGEMENT

Quality control and assurance are crucial to us, and we endeavor to ensure the quality of our operations through a comprehensive quality management system, which was formulated in accordance with the ISO13485 standard in China, covering substantially every aspect of our operations including product design, purchases and manufacturing, among other things.

We have established a comprehensive set of quality control and assurance procedures to monitor our operations to ensure compliance with relevant regulatory requirements and our internal quality requirements. For example, we select our suppliers based on a strict set of criteria and regularly conduct supplier audits which include documentation inspection and/or on-site inspection on such

qualified suppliers to make sure our requirements are being consistently met. See "—Our Platform—Manufacturing and Supply Chain—Raw Materials and Suppliers" for details. We regularly validate facilities, equipment, manufacturing processes and production parameter to ensure that our processes, methods, programs and equipment work properly. In addition, we conduct inspection on raw materials in accordance with our quality management standards.

SALES AND MARKETING

We are in the process of formulating our sales and marketing plan in anticipation of commercial launch of our products. We aim to establish a well-trained and fully committed team to deliver integrated services, covering sales and marketing, client services and clinical training. We plan to promote the adoption of our surgical robots by surgeons and hospitals through targeted surgeon education and training. To achieve this goal, we plan to build a global service network comprising surgical robot trainers, clinical support personnel and after-sale service engineers through which we receive feedback from surgeons, provide service, product information and support to surgeons and derive service revenue. See "—Our Strategies—Advance products to commercialization and promote surgical robot penetration in China" for details.

We expect that we will gradually settle into a post-commercialization business model as our products approach and enter commercialization stage. We expect to derive revenue from three sources: systems (*i.e.,* the robots themselves), disposables (*e.g.,* forceps, scissors and sterile drapes) and services (*e.g.,* maintenance and other after-sale services). We will sell surgical robot systems to hospitals at a one-off price, and we will sell disposables and provide services to such hospitals on an ongoing and on-demand basis. For disposables, as they must be replenished after a number of RAS are performed, we will sell disposables to hospitals on an ongoing basis. For maintenance services, we mainly sell such services to hospitals on an annual basis.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we held 118 patents in China, including 71 invention patents, 9 utility models and 38 appearance designs, and 23 patents overseas as part of our global strategy. As of the same date, we also had over 280 patent applications pending in China and overseas. All of the patents that we owned or applied for are related to self-developed technologies by our R&D teams. In addition, as of the Latest Practicable Date, we also held 93 trademarks in China and overseas. We have adopted certain measures with respect to intellectual property risk management, including assessing violation risks relating to third-party rights from time to time, identifying potential disputes and formulating precautionary measures, to avoid potential infringement against our competitors' products. See "Risk Factors—Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain, and we may be subject to substantial costs and liability, or be prevented from using technologies incorporated in our products, or delay the commercialization of our products certain jurisdictions, as a result of such litigation or other proceedings relating to patent or other intellectual property rights." During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material proceedings in respect of, and we had not received notice of any material claims of infringement of, any intellectual property rights that are threatened or pending, in which we may be a claimant or a respondent. For details, see "Appendix VI—Statutory and General Information—B. Further Information about Our Business—2. Intellectual Property Rights of Our Group."

The table below lists the material patents and patent applications relating to *Toumai*, *DFVision* and *Honghu* as of the Latest Practicable Date.

Name of Patent	Type of Patent	Registration Number/ Application Number	Owner/ Applicant	Status	Related Product	Application Date	Registration Date	Expiration Date	Jurisdiction	Authority
Robotic arm	Invention patent	ZL201510567721.5	Company	Granted	*Toumai*	September 8, 2015	March 26, 2019	September 7, 2035	PRC	CNIPA
Transmission mechanism and surgical instruments	Invention patent	ZL201610791555.1	Company	Granted	*Toumai*	August 31, 2016	October 16, 2018	August 30, 2036	PRC	CNIPA
Electronic endoscope	Invention patent	ZL201510996753.7	Company	Granted	*DFVision*	December 25, 2015	July 20, 2018	December 24, 2035	PRC	CNIPA
Osteotomy inspection method, calibration equipment, readable storage medium and orthopedic surgery system	Invention patent	ZL201911151227.5	Orthobot Suzhou	Granted	*Honghu*	November 21, 2019	February 23, 2021	November 20, 2039	PRC	CNIPA
Navigation surgery system and its registration and electronic equipment	Invention patent	CN201911252494.1	Orthobot Suzhou	Applied	*Honghu*	December 9, 2019	N/A	N/A	PRC	CNIPA

COMPETITION

We operate in a fast-growing market, resulting from increasing needs for, and prevalence of, surgical robots. While we believe our innovative platform provides us with competitive advantages, we face competition with international and domestic surgical robot companies. We compete primarily based on our R&D capabilities, the clinical performance of our products, our ability to commercialize products and brand recognition.

For further details of our major competitors, see "—Our Product Portfolio" and "Industry Overview."

EMPLOYEES

We had 756 employees as of the Latest Practicable Date. Substantially all of our employees are based in China. The table below sets forth our employees by function as of the Latest Practicable Date.

Functions	Number of Employees
R&D	298
Manufacturing and supply chain	180
Registration, quality management and business operations	209
Administrative supporting	62
Senior management	7
Total	**756**

As of the Latest Practicable Date, we had also employed 67 individuals through third-party dispatched labor agencies in China, Singapore and the United States. Most of the personnel we employed through the dispatched labor agencies worked for the manufacturing and supply chain, as well as registration, quality management and business operations sectors. During the Track Record Period, the scale of our business expanded rapidly, and so did our demand for labor. The labor dispatch arrangement helped us meet our operation needs by maintaining a sufficient and flexible level of labor force for these ancillary and substitutable positions in our various business sectors while reducing the amount of time and manpower involved in the recruitment process. We entered into master service agreements with the dispatched labor agencies, who provided us with human resource management services.

According to the Interim Provision on Labor Dispatch (《劳務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security, the number of dispatched employees engaged by any company may not exceed 10% of the total number of its employees, including both directly hired employees and dispatched employees, and dispatched employees can be used only for temporary, ancillary or substitutable positions. See "Regulatory Overview—Other Laws and Regulations—Labor and Social Security" for details. During the Track Record Period, we fulfilled such requirements by retaining dispatched employees less than 10% of the total number of our employees for the ancillary and substitutable positions.

We recruit our employees through recruitment websites, recruiters, internal referrals and job fairs. We provide on-board training for all of our employees as well as periodic training or seminars to ensure their self-development. In addition, to promote and stimulate our R&D personnel to actively

contribute to our R&D work and to facilitate our technological innovation, we have implemented incentive management measures for new product development, which include a series of incentive measures such as material rewards and adjustments to career development plans. We believe our incentive management measures effectively stimulate the enthusiasm and sense of responsibility of our R&D personnel, which in turn promotes our business operations and continuous innovation.

In compliance with the relevant laws and regulations, we enter into employment contracts with our employees or, the third-party dispatched labor agencies that we have engaged, enter into employment contracts with dispatched personnel, to cover matters such as wages, benefits and grounds for termination. We enter into standard confidentiality agreements with all of our employees. Besides, we also enter into non-compete agreements with employees of the departments that we consider crucial to our business, such as R&D, manufacturing and supply chain, and registration and quality management. Such non-compete agreements prohibit such employees from competing with us, directly or indirectly, during his or her employment. When an employee leaves our Company, we assess whether he or she has access to our confidential information and, if necessary, require such employee to enter into a non-compete agreement for up to two years after the termination of his or her employment.

The remuneration package of our employees, including those employed through dispatched labor agencies, includes salary and bonus, which are generally based on their qualifications, industry experience, position and performance. We consider the remuneration package to be competitive among our domestic competitors. We make contributions to social insurance and housing provident funds to our employees based in China, including those employed through dispatched labor agencies, as required by the PRC laws and regulations.

We have representative employees participating in the labor union established within MicroPort Group. We consider our relationship with employees good. During the Track Record Period and as of the Latest Practicable Date, we had not experienced any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations.

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. In line with industry practice in China, we maintain different types of insurance policies, such as personal accident insurance and commercial medical insurance. Considering that we have not commercialized our products, we have not purchased certain types of insurance, such as product liability insurance or fixed asset insurance, except for product candidates in clinical trials. Our Directors consider that our existing insurance coverage is generally in line with the industry practice in China. See "Risk Factors—Risks Relating to Our Operations—Our insurance coverage may not completely cover the risks relating to our business and operations" for details.

PROPERTIES AND FACILITIES

Our headquarters are located in Shanghai. As of the Latest Practicable Date, we did not own any real estate property. As of the same date, we leased nine properties with an aggregate GFA of over 36,000 sq.m. in China for daily business operations, R&D and manufacturing, two of which were

leased from MicroPort Group. In addition, our wholly owned subsidiary, Navibot US, leased one property in the United States with an aggregate GFA of 44,363 square feet. We also leased one property in Singapore with an aggregate GFA of approximately 83 sq.m.

During the Track Record Period and up to the Latest Practicable Date, seven lease agreements relating to our leased properties in China had not been filed with the relevant PRC housing administration authorities. The filing of these lease agreements requires preparation of relevant materials, which may take a certain period of time, and cooperation of our lessors. According to the relevant PRC laws, a company may be subject to an administrative fine up to a maximum of RMB10,000 for each lease agreement that is not filed with the relevant PRC housing administration authority. See "Risk Factors—We may be subject to penalties for the non-registration of lease agreements in the PRC" for details. We intend to take all practicable and reasonable steps to ensure that all the lease agreements will be filed. As advised by our PRC Legal Advisors, the validity of such lease agreements, although not filed with the relevant PRC housing administration authorities, are not affected. Our Directors are of the view that the failure to complete the filing of such lease agreements does not have any material or adverse effect on the Group's business operations.

SOCIAL, HEALTH, WORK SAFETY AND ENVIRONMENTAL MATTERS

In respect of social responsibilities, we have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations. We hire employees based on their merit and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics. We strive to provide a safe working environment for our employees. We have implemented work safety guidelines setting out safety practices, accident prevention and accident reporting procedures. We conduct regular safety inspections and maintenance for our manufacturing facility.

We strive to operate our facilities in a manner that protects the environment and the health and safety of our employees and communities. We have implemented company-wide environmental health and safety policies and operating procedures, covering waste treatment, process safety management, worker health and safety requirements and emergency planning and response. For example, for solid wastes such as polymer-made parts used in *Honghu*, we have them stored in garbage rooms and recycled if they are still useful so as to conserve energy and prevent pollution, or cleaned, removed and buried if they are non-recyclable. We generally contract with third parties for the disposal of these materials and wastes. During the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant environmental and occupational health and safety laws and regulations in all material aspects and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or results of operations during the period.

LICENSES AND PERMITS

We are subject to regular inspections, examinations and audits by local regulators and are required to maintain or renew the necessary permits, licenses and certificates for our business. Our PRC Legal Advisors are of the view that, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from the relevant government authorities that are material for our business operations in China. The following table summarizes material licenses and permits we held as of the Latest Practicable Date. We plan to renew all material licenses and permits upon expiration.

License/Permit	Holder	Type	Grant Date[1]	Expiration Date
3D electronic laparoscope	Company	Medical device registration license (Guo Xie Zhu Zhun 20213060384)	June 4, 2021	June 3, 2026
Laparoscopic image processor (MVS-1080)	Company	Medical device registration license (Hu Xie Zhu Zhun 20212060024)	January 15, 2021	January 14, 2026
Laparoscope cold light source for medical use	Company	Medical device registration license (Hu Xie Zhu Zhun 20212060461)	August 9, 2021	August 8, 2026
Orthopedic surgery navigation system (OSR-1000)	Orthobot Suzhou	Medical device clinical trial permit	June 19, 2020	N/A[2]

Notes:

(1) The grant date indicates the date that we received the relevant license or permit for the first time. We have renewed or will renew the relevant license or permit, if required, upon its expiration in a timely manner.

(2) A medical device clinical trial permit remains valid during the clinical trial and does not require renewal.

COMPLIANCE AND LEGAL PROCEEDINGS

We may be involved in legal proceedings in the ordinary course of business from time to time. During the Track Record Period and up to the Latest Practicable Date, none of us or our Directors were involved in any litigation, arbitration or administrative proceedings which could have a material adverse impact on our business, financial condition or results of operations. As of the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceedings against us or our Directors which may have a material and adverse impact on our business, financial condition or results of operations.

As advised by our PRC Legal Advisors, during the Track Record Period and as of the Latest Practicable Date, we had complied with the relevant PRC laws and administrative regulations in all material aspects.

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operations and have established risk management systems with relevant policies and procedures that we believe are appropriate for our business operations. We typically follow the measures against corruption and bribery adopted by MicroPort Group to maintain group-wise consistency in our behaviors. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted or will continue to adopt, among other things, the following risk management measures:

- establish an audit committee to review and supervise our financial reporting process and internal control system, provide advice and comments to our Board in respect of financial reporting, risk management and internal control matters. Our audit committee consists of three members. For the qualifications and experience of these committee members, see "Directors, Supervisors and Senior Management";

- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;
- provide training sessions to our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong; and
- provide regular anti-corruption and anti-bribery compliance training for our Directors and senior management in order to enhance their knowledge and compliance of applicable laws and regulations.

BOARD OF DIRECTORS

Our Board of Directors comprises of seven Directors, including one executive Director, three non-executive Directors and three independent non-executive Directors. The powers and duties of our Board include determining our business and investment plans, preparing our annual financial budgets and final reports, and exercising other powers, functions and duties as conferred by the Articles. We have entered into a service agreement with our executive Director and a letter of appointment with each of our non-executive Directors and independent non-executive Directors.

The table below set out certain information in respect of our Directors:

Name	Age	Date of joining our Group	Date of appointment as Director	Existing position(s) in our Group	Roles and responsibilities	Relationship with other Directors or senior management
Executive Director						
Dr. He Chao (何超)	36	May 11, 2015	October 18, 2017	Executive Director and president	Overseeing research and development and the day-to-day management and strategic development of our Group	None
Non-executive Directors						
Mr. Sun Hongbin (孫洪斌)	46	April 3, 2020	April 3, 2020	Non-executive Director and chairman of our Board	Overseeing management and operations of our Group	None
Mr. Sun Xin (孫欣)	40	September 17, 2020	September 17, 2020	Non-executive Director	Overseeing management and operations of our Group	None
Mr. Chen Chen (陳琛)	37	September 17, 2020	September 17, 2020	Non-executive Director	Overseeing management and operations of our Group	None
Independent non-executive Directors						
Ms. Lee Kit Ying (李潔英)	73	June 30, 2021	June 30, 2021	Independent non-executive Director	Providing independent advice to the Board	None
Dr. Li Minghua (李明華)	69	December 30, 2020	December 30, 2020	Independent non-executive Director	Providing independent advice to the Board	None
Mr. Yao Haisong (姚海嵩)	47	December 30, 2020	December 30, 2020	Independent non-executive Director	Providing independent advice to the Board	None

Executive Director

Dr. He Chao (何超), aged 36, was appointed as our Director on October 18, 2017 and re-designated as our executive Director on June 10, 2021. He is also our president and is mainly responsible for overseeing the research and development and day-to-day management and strategic development of our Group.

Dr. He has over 14 years of experience in the research and development of surgical robots. He joined our Group as the general manager of our Company in May 2015 and has been serving as our president since December 2020, primarily responsible for the business operations of our Company. Dr. He also holds various directorships and management positions in our Group companies, including but not limited to the executive director of OrthoBot Suzhou since July 2019 and the representative of the Beijing branch of our Company since November 2020.

Prior to joining our Group, from June 2013 to April 2014, Dr. He served as the system engineer of Chinese Academy of Space Technology (中國空間技術研究院), a spacecraft designer and manufacturer, where he was mainly responsible for system engineering and project management. From April 2014 to May 2015, Dr. He served as the senior director of Shanghai MicroPort, a medical device manufacturer and an indirect wholly owned subsidiary of MicroPort, where he was primarily responsible for R&D and project management of surgical robots.

Dr. He serves as the Chinese representative in the technical committee for the preparation of international technical standards for surgical robots of International Electrotechnical Commission, a global organization which builds international standards and conformity assessment systems to ensure the safety, efficiency, reliability and interoperability of electrical, electronic and information technologies. He is also a member of the first expert panel of China's medical robot technical standardization unit and the director of Shanghai Engineering Research Center of Minimally Invasive Surgical Robots (上海微創手術機器人工程技術研究中心) sponsored by the Science and Technology Commission of Shanghai Municipality (上海市科學技術委員會).

Dr. He graduated from the Hefei University of Technology in the PRC with a bachelor's degree in mechanical and electronics in July 2007 and graduated from Tianjin University in the PRC with a doctor's degree in mechanical engineering in January 2014. During his Ph.D. study at Tianjin University, Dr. He spent the 2011-12 academic year at Johns Hopkins University in the United States as a visiting scholar.

Non-executive Directors

Mr. Sun Hongbin (孫洪斌), aged 46, was appointed as our Director on April 3, 2020 and re-designated as our non-executive Director on June 10, 2021. He is also serving as the chairman of our Board and is primarily responsible for overseeing the management and operations of our Group.

Mr. Sun has nearly 20 years of experience in the medical device industry. Mr. Sun joined the MicroPort Group in September 2010 and has served in various positions in the MicroPort Group. Since September 2010, Mr. Sun has been serving as the chief financial officer, a co-chairman of the Greater China Executive Committee and a member of the Intercontinental Cardiac Rhythm Management Committee of MicroPort. He has also been serving as the chief financial officer of Shanghai MicroPort, a subsidiary of MicroPort, since September 2010.

Mr. Sun has served as an independent non-executive director of a number of listed companies, including New Century Healthcare Holding Co. Limited（新世紀醫療控股有限公司), a company

principally engaged in provision of medical services in pediatrics and obstetrics and gynecology whose shares are listed on the Stock Exchange (stock code: 1518), since December 2016, CStone Pharmaceuticals（基石藥業), a biopharmaceutical company whose shares are listed on the Stock Exchange (stock code: 2616), since February 2019, and Mobvista Inc. (匯量科技有限公司), a technology platform providing mobile advertising and mobile analytics services whose shares are listed on the Stock Exchange (stock code: 1860), since July 2020.

Prior to joining the MicroPort Group, from 1998 to 2003, Mr. Sun served as an assistant manager of the Shanghai Branch of KPMG Accounting firm (畢馬威會計師事務所上海辦事處), where he was primarily responsible for audit work. From 2004 to 2010, Mr. Sun was the financial director and later the director and general manager of Otsuka (China) Investment Co., Ltd. (大冢（中國）投資有限公司), a company principally engaged in healthcare investment management services, where he was primarily responsible for its overall management.

Mr. Sun graduated from the Shanghai Jiao Tong University in the PRC with a bachelor's degree in economics in 1998. Mr. Sun is a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) and is also a Chartered Financial Analyst.

Mr. Sun Xin (孫欣), aged 40, was appointed as our Director on September 17, 2020 and was re-designated as our non-executive Director on June 10, 2021, where he is primarily responsible for overseeing the management and operations of our Group.

Mr. Sun is currently a managing director at Hillhouse Capital Management and has been a member of the healthcare private equity team since 2017. He has more than 10 years of experience in financial service and healthcare industries. Prior to joining Hillhouse Capital Management, he was a vice president at Affinity Equity Partners, an Asia-focused private equity fund based in Hong Kong. Prior to that, he worked at the Investment Banking Division of Goldman Sachs in New York, with a focus on healthcare M&A and financing. He started his career in pharmaceutical and biotech industry as a research scientist at Boehringer Ingelheim and Genentech, respectively.

Mr. Sun graduated from the Beijing University in the PRC with a bachelor's degree in science and successively obtained a master's degree in molecular genetics from Duke University in the United States and a master's degree in business administration (MBA) from Columbia University in the United States.

Mr. Chen Chen (陳琛), aged 37, was appointed as our Director on September 17, 2020 and was re-designated as our non-executive Director on June 10, 2021. He is primarily responsible for overseeing the management and operations of our Group.

Mr. Chen has 10 years of experience in the business consulting and investment management industry. From July 2015 to December 2018, Mr. Chen worked at Shanghai Panxin Equity Investment Management Limited (上海磐信股權投資管理有限公司) where he held various positions, including investment manager, senior investment manager and vice president. From January 2019 to September 2020, he served as a principal at Tianjin Panmao Enterprise Management Limited Liability Partnership (天津磐茂企業管理合夥企業（有限合夥）). Since September 2020, he has been serving as a principal at CPE. Prior to joining the investment management industry, Mr. Chen was a consultant at the Shanghai branch of Bain & Company from October 2009 to August 2013.

Mr. Chen is currently also serving as a director of several other companies, including, a non-executive director of Acotec Scientific Holdings Limited, a non-executive director of Shanghai Hanyu

Medical Technology Co., Ltd. (上海捍宇醫療科技股份有限公司) and a director of Spectrum Dynamics Medical Group Limited.

Mr. Chen graduated from Shanghai Jiao Tong University in the PRC with a bachelor's degree in electronic engineering in July 2005. He received his first master's degree in industry economics from Shanghai Jiao Tong University in the PRC in March 2009, and his second master's degree in business administration from the University of Chicago in the United States in June 2015.

Independent non-executive Directors

Ms. Lee Kit Ying (李潔英), aged 73, was appointed as our independent non-executive Director on June 30, 2021.

Ms. Lee has about 20 years of experience in the securities and derivatives industry holding various senior positions, including about 10 years in the Compliance, Operation and Administration Divisions of Hong Kong Futures Exchange Limited, five years in Traded Options Division in the Stock Exchange and three years in the Listing, Regulation and Risk Management Unit of Hong Kong Stock Exchange and Clearings Limited. In September 2005, she retired as the chief financial officer of the Hong Kong Exchanges and Clearing Limited Group.

Ms. Lee served as an independent non-executive director of China BlueChemical Limited (中海石油化學股份有限公司), a company principally engaged in processing natural gas for production of chemical fertilizers and other chemical products whose shares are listed on the Stock Exchange (stock code: 3983), from June 2012 to May 2021, and an independent non-executive director of Century Global Commodities Corporation, a company principally engaged in exploration and development of iron ore properties whose shares are listed on the Toronto Stock Exchange (stock code: CNT), from September 2014 to September 2021, respectively. Ms. Lee has been serving as an independent non-executive director of Gemilang International Limited (彭順國際有限公司), a company principally engaged in designing and manufacturing bus bodies and assemble buses whose shares are listed on the Stock Exchange (stock code: 6163), since October 2016.

Ms. Lee graduated from the London Metropolitan University (previously known as City of London Polytechnic) in the United Kingdom with a Bachelor of Arts in Accountancy in July 1979. She received her Master of Science in Financial Engineering from the City University of Hong Kong in November 1998. Ms. Lee has been an associate member of the Hong Kong Institute of Certified Public Accountants since March 1984 and a fellow of the Institute of Chartered Accountants in England and Wales since October 1999.

Dr. Li Minghua (李明華), aged 69, was appointed as an independent Director on December 30, 2020, and was redesignated as our independent non-executive Director on June 10, 2021.

Dr. Li joined the radiology department of Shanghai Sixth People's Hospital (上海市第六人民醫院放射科) in December 1992 as a vice-chief physician, and became a chief physician and professor in January 1997. From January 2000 to May 2018, he successively served as the chairman and doctoral supervisor of the department of diagnostic and neoro-interventional radiology of Shanghai Sixth People's Hospital (上海市第六人民醫院放射科及神經介入診治中心) and a director of the institute of medical imaging of Shanghai Jiao Tong University (上海交通大學醫學影像研究所). He served as the

chief physician and professor of the Shanghai Sixth People's Hospital (上海市第六人民醫院) from May 2018 to February 2019 and has been serving as an emeritus professor since March 2019.

Dr. Li graduated from the Shanghai First Medical College in the PRC in September 1973. He received his master's degree in neuro-imaging/CT from Graduate School of the Shanghai Medical University in the PRC in October 1988, and his doctor's degree in neuro-imaging/MRI in the Lund University in Sweden in January 1993. From 1994 to 1995, Dr. Li pursued a post-doctoral program in the field of interventional neuroradiology as a visiting scholar in the University San Raffaele Milan in Italy.

Mr. Yao Haisong (姚海嵩), aged 47, was appointed as our independent Director on December 30, 2020, and was redesignated as our independent non-executive Director on June 10, 2021.

From March 2002 to June 2004, Mr. Yao served as an assistant researcher, legal manager and secretary to the chairman of the board of directors of Shanghai Biochip Co., Ltd. (上海生物芯片有限公司), a biotech company, where he was primarily responsible for research and legal matters.

Mr. Yao has over 15 years of working experience in law firms. Since July 2004, Mr. Yao has been serving as a practicing lawyer, and he later served as a partner of Shanghai Huzhong Law Firm (上海市滬中律師事務所), where he was primarily responsible for providing legal advice. From July 2011 to February 2015, he served as a practising lawyer and patent attorney of the Beijing Yingke (Shanghai) Law Firm (北京盈科（上海）律師事務所). Since February 2015, Mr. Yao has been serving as a practising lawyer and partner of Shanghai Tianhua Law Firm (上海市天華律師事務所), where he was primarily responsible for providing business related legal advice.

Mr. Yao graduated from the Shanghai Second Medical University in the PRC with a bachelor's degree in clinical medicine in July 2000. He received a second bachelor's degree in jurisprudence from Shanghai University in the PRC in July 2002, and his master's degree in international business law from the National University of Singapore in Singapore in June 2008. Mr. Yao is currently serving as a member of China Research Hospital Association Clinical Data and Bio-bank a standing committee member (中國研究型醫院學會臨床數據與樣本資源庫專業委員會), a committee member of National Technical Committee on Bio-specimen of Standardization Administration of China (全國生物樣本標準化技術委員會) (SAC/TC559).

SUPERVISORS

In accordance with the Company Law of the PRC, all joint stock companies are required to establish a supervisory committee, responsible for supervising the board of directors and senior management on fulfilling their respective duties, financial performance, internal control management and risk management of the corporation. The Supervisory Committee consists of three members comprising one staff representative Supervisor, and two Supervisors representing our Group.

The detailed information of our Supervisors are listed below.

Name	Age	Date of joining our Group	Existing position(s) in our Group	Roles and responsibilities
Mr. Zhang Jie (張劼)	42	September 17, 2020	Supervisor	Responsible for supervising and providing independent advice to the Board
Ms. Zhang Lihong (張麗紅)	44	December 30, 2020	Supervisor	Responsible for supervising and providing independent advice to the Board
Mr. Yuan Shuai (袁帥)	32	May 11, 2015	Staff representative supervisor	Responsible for supervising and providing independent advice to the Board

Mr. Zhang Jie (張劼), aged 42, was appointed as our chairman of the board of supervisors on December 30, 2020. He is primarily responsible for supervising and providing independent advice to the Board.

Mr. Zhang joined the MicroPort Group in January 2007 and has successively served as a equipment engineer, research and development director, senior director and vice president of Shanghai MicroPort, where he has been primarily responsible for the research and development of medical devices. Mr. Zhang also holds various directorships in a number of other members of the MicroPort Group.

Mr. Zhang graduated from the Zhejiang University of Technology in the PRC with a bachelor's degree in communication principles in 2002. He received his master's degree in measuring and testing technologies and instruments from the University of Shanghai for Science and Technology in the PRC in March 2007.

Ms. Zhang Lihong (張麗紅), aged 44, was appointed as our supervisor on December 30, 2020. She is primarily responsible for supervising and providing independent advice to the Board.

Ms. Zhang joined the MicroPort Group in June 2013 and has since successively served in various positions in Shanghai MicroPort, including as intellectual property manager, intellectual property director, senior intellectual property director and vice intellectual property president, where she has been primarily responsible for the management of intellectual property affairs. Ms. Zhang also holds directorships and management positions in a number of other members of the MicroPort Group.

Prior to joining the MicroPort Group, from 2003 to 2006, she worked at Shanghai Microelectronics Equipment Co., Ltd. (上海微電子裝備有限公司), a company principally engaged in development of semiconductor equipment and other intelligent equipment, where she was primarily responsible for intellectual property and standardization management. From 2006 to 2009, Ms. Zhang served as manager of Central Research Institute of Shanghai Radio and Television (Group) Co., Ltd. (上海廣電（集團）有限公司中央研究院), a company principally engaged in electronic device industry, where she was primarily responsible for intellectual property management. Ms. Zhang also served as a senior intellectual property manager of Shanghai Shipeng Laboratory Technology Development Co., Ltd. (上海世鵬實驗室科技發展有限公司), a company principally engaged in providing technical services to electronic equipment, from 2009 to 2011, and manager of the intellectual department and legal department of Shanghai United Imaging Healthcare Co., Ltd. (上海聯影醫療科技股份有限公司) a

company principally engaged in medical device production, from 2011 to 2013, where she was primarily responsible for its intellectual property management.

Ms. Zhang has also been serving as a vice president of Shanghai Pudong New Area Intellectual Property Association (上海市浦東新區知識產權協會) and vice president of Intellectual Property Association of China (Shanghai) Pilot Free Trade Zone (中國（上海）自由貿易試驗區知識產權協會).

Ms. Zhang graduated from the Xian Technological University in the PRC with a bachelor's degree in detection technology and equipment in July 2000. She received her master's degree in measurement and control technology and equipment from Xian University of Technology in the PRC in 2004.

Mr. Yuan Shuai (袁帥), aged 32, was appointed as our staff representative supervisor on December 30, 2020 and is primarily responsible for supervising and providing independent advice to the Board. Mr. Yuan joined our Group in May 2015 and successively served as R&D engineer and system engineer of our Company. He is currently serving as our advanced director and is primarily responsible for research and development of our products.

Prior to joining our Group, from 2013 to 2014, Mr. Yuan worked as a technician of China Aviation Lithium Battery Co., Ltd. (中航鋰電（洛陽）有限公司), a company principally engaged in Lithium battery R&D and manufacturing. From June 2014 to May 2018, he served as a research and development engineer of Shanghai MicroPort, where he was primarily responsible for research and development of surgical robot.

Mr. Yuan graduated from the Zhengzhou University in the PRC with a bachelor's degree in mechanical engineering and automation in 2013.

Save as disclosed above, each of our Supervisors has confirmed that there are no other matters relating to his/her appointment as a Supervisor that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

The table below sets forth the key information of our senior management:

Name	Age	Date of joining our Group	Existing position(s) in our Group	Roles and responsibilities
Dr. He Chao	36	May 11, 2015	Executive Director and president	Overseeing research and development and the day-to-day management and strategic development of our Group
Mr. Liu Yu (劉雨)	51	December 1, 2020	Chief commercial officer and senior vice president	Responsible for sales and marketing, and clinical and medical affairs
Ms. Yu Haiying (于海英)	50	October 12, 2020	Senior vice president	Responsible for the whole lifecycle management of orthopedic robot product and the general operation and management of OrthoBot Suzhou

Name	Age	Date of joining our Group	Existing position(s) in our Group	Roles and responsibilities
Mr. Li Shuxiang (李叔祥)	39	October 21, 2019	Vice president of supply chain	Responsible for supply chain strategic planning, development and execution
Ms. Zhu Liping (朱莉萍)	43	March 1, 2021	Advanced director of human resources and general management	Responsible for human resources operation management, employee relation and project management
Ms. Fang Cong (房聰)	32	June 1, 2021	Board secretary	Responsible for the board matters of our Group

Dr. He Chao, aged 36, our executive Director and president. See "—Board of Directors—Executive Directors" of this section for his biography.

Mr. Liu Yu (劉雨), aged 51, joined our Group on December 1, 2020 as our chief commercial officer and vice president. Since March 2021, Mr. Liu has been serving as our chief commercial officer and senior vice president of our Group, primarily responsible for sales and marketing, and clinical and medical affairs. He has also been serving as the executive director and manager of 1.1 Medical, since September 2020, where he is primarily responsible for its operations and management.

Mr. Liu has over 29 years of experience in pharmaceuticals and medical devices. Mr. Liu joined Beijing office of American Medtronic China Co., Ltd. (美國美敦力中國有限責任公司北京辦事處), a medical technology company, in November 2001. In April 2003, Mr. Liu joined Chindex (Beijing) International Trade Co., Ltd. (美中互利北京國際貿易有限公司) ("Chindex Beijing"), a company principally engaged in provision of medical and health services and distribution of medical devices, as a north regional manager, where he was primarily responsible for product management. Mr. Liu then worked as the sales manager of Beijing office of Germany BrainLAB Co., Ltd. (德國博醫來公司北京代表處), a company principally engaged in surgical software and hardware development, until October 2006 where he was primarily responsible for its marketing and sales. He also served as the chief representative of the Beijing branch of Canadian IMRIS Co., Ltd. (加拿大醫美瑞有限公司北京代表處), a company principally engaged in medical device management, where he was primarily responsible for overseeing its daily operation. From July 2008 to 2017, Mr. Liu served as chief operating officer and senior vice president of Chindex Beijing and Chindex Medical Limited (美中互利醫療有限公司), a distribution partner for Intuitive Surgical's *da Vinci* Surgical Systems in China. From January 2017 to August 2019, Mr. Liu successively served as a senior vice president and chief operation officer of the medical device department of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥（集團）股份有限公司), a pharmaceutical company whose shares are listed on the Stock Exchange (stock code: 2196), and a senior vice president and chief commercial officer of Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (直觀復星醫療器械技術(上海)有限公司), a company principally engaged in medical device industry, where Mr. Liu was primarily responsible for managing the sales and marketing of its *da Vinci* surgical robot. From September 2019 to June 2020, he served as the chief executive officer of Shanghai Ruidao Medical Technology Co., Ltd. (上海睿刀醫療科技有限公司), a company principally engaged in production of medical devices, where he was primarily responsible for its overall operations and management.

Mr. Liu obtained a bachelor's degree in mechanical instruments engineering from the Tianjin University of Technology in the PRC in 1992 and a master's degree in economic management from Tsinghua University in the PRC.

Ms. Yu Haiying (于海英), aged 50, joined our Group on October 12, 2020 and was appointed as our vice president on December 30, 2020. Since March 2021, Ms. Yu has been serving as a senior vice president of our Group, primarily responsible for the whole lifecycle management of orthopedic robot product, including product definition, research and development, supply chain and production. She has also been serving as the general manager of OrthoBot Suzhou since October 2020, where she is primarily responsible for its management and operation.

Ms. Yu has 19 years of experience in healthcare industry and thorough understanding of product development, layout and operation. Prior to joining our Group, from April 1999 to October 2020, Ms. Yu successively served various positions with increasing responsibility at General Electric Company, a multinational conglomerate whose shares are listed on the New York Stock Exchange (stock code: GE), with her last position as Global MR 1.5T Segment GM for GE Healthcare. During the days in GE Healthcare, she served as the leader of multiple functions including business, research and development and service, among others.

Ms. Yu graduated from the Tianjin Textile Institute (now known as Tianjin Polytechnic University) in the PRC with a bachelor's degree in textile machinery in July 1993. She received her master's degree in business administration (MBA), a Beijing international MBA programme hosted by the China Center of Economic Research at Peking University, approved and conferred by Fordham University in the United States in February 2008.

Mr. Li Shuxiang (李叔祥), aged 39, joined our Group on October 21, 2019 as a quality director of our Company. Since March 2021, Mr. Li has been serving as a vice president of supply chain of our Company, primarily responsible for supply chain strategic planning, development and execution of our Group.

Prior to joining our Group, from August 2004 to July 2006, Mr. Li served as a R&D engineer of Nanjing Research Institute Simulation Technique (南京模擬技術研究所), an institution principally engaged in R&D and production training equipment for military and public security system, where he was primarily responsible for the technical mechanical design & product development. From 2006 to 2019, Mr. Li worked as a PE/PQ manager of GE Medical Systems (China) Company Limited (通用電氣醫療系統(中國)有限公司), a company principally engaged in research, development and production of medical devices, where he was primarily responsible for supervising the quality control and manufacturing process design and improvement.

Mr. Li graduated from Anhui Institution of Engineering and Technology (now known as Anhui Polytechnic University) in the PRC with a bachelor's degree in mechanical manufacturing process and equipment in June 2002. He received his master's degree in mechanical manufacturing and automation from Nanjing University of Science and Technology in the PRC in July 2004.

Ms. Zhu Liping (朱莉萍), aged 43, joined our Group in March 2021 as an advanced director, where she is responsible for human resources operation management, employee relation and project management.

Prior to joining the our Group, from March 2001 to March 2016, Ms. Zhu worked at Sanofi (China) Investment Co., Ltd. (賽諾菲（中國）投資有限公司), with her last position as a director of HK operation & PMO, where she was primarily responsible for its human resources management. From December 2017 to August 2019, Ms. Zhu served as the director of human resources of Shanghai Yatai Hospital Management Co., Ltd. (上海雅太醫院管理有限公司), where she was primarily responsible for its human resources management. From 2019 to 2021, Ms. Zhu served as the senior director of Shanghai MicroPort, where she was primarily responsible for its talent management.

Ms. Zhu graduated from Shanghai International Studies University in the PRC with a major in English in December 2003. She received her master's degree in business administration from City University of Hong Kong in Hong Kong in February 2017.

Ms. Fang Cong (房聰), aged 32, joined our Group in June 2021 and was appointed as our Board secretary on September 28, 2021. She is primarily responsible for the board matters of our Group.

Prior to joining our Group, from September 2013 to July 2017, Ms. Fang served as an assistant manager at KPMG, where she was primarily responsible for providing tax advisory service. From July 2017 to March 2021, she served as a research analyst at Citigroup Global Markets Asia Limited., a diversified financial services company, where she was primarily responsible for providing equity research service.

Ms. Fang graduated from Renmin University of China in the PRC with a bachelor's degree of economics in June 2012. She received her master's degree of finance from the University of Hong Kong in November 2013.

COMPANY SECRETARY

Ms. Hui Yin Shan (許燕珊), aged 52, was appointed as our company secretary on June 10, 2021.

Ms. Hui is a senior manager of corporate services of Tricor Services Limited, a global professional services provider specializing in integrated business corporate and investor services. She has over 18 years of experience in the corporate secretarial field. Since October 2020, Ms. Hui has been the company secretary of OneForce Holdings Limited (元力控股有限公司), an investment holding company whose shares are listed on the Stock Exchange (stock code: 1933), and the joint company secretary of Honliv Healthcare Management Group Company Limited (宏力醫療管理集團有限公司), a company operating private hospitals in the PRC whose shares are listed on the Stock Exchange (stock code: 9906).

Ms. Hui graduated from Hong Kong Polytechnic University in Hong Kong with a bachelor's degree in applied mathematics in November 1994. She received her master's degree in finance from Curtin University of Technology in Australia in December 2002. Ms. Hui obtained a bachelor's degree in law from University of London in the United Kingdom in August 2017. She is an associate member of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom, respectively.

BOARD COMMITTEES

Our Board has established the audit committee, the remuneration and appraisal committee, the nomination committee and the strategic and development committee and delegated various

responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraphs C.3 of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules. The audit committee consists of Ms. Lee Kit Ying, Dr. Li Minghua and Mr. Sun Xin. Ms. Lee Kit Ying is the chairperson of the audit committee.

The primary duties of the audit committee are to (i) review and supervise our financial reporting process and internal control system of our Group, risk management and internal audit; (ii) provide advice and comments to our Board in respect of financial, risk management and internal control matters; and (iii) perform other duties and responsibilities as may be assigned by the Board.

Remuneration and Appraisal Committee

We have established a remuneration and appraisal committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code as set out in Appendix 14 to the Listing Rules. The remuneration and appraisal committee consists of Dr. Li Minghua, Mr. Yao Haisong and Mr. Sun Hongbin. Dr. Li Minghua is the chairperson of the remuneration and appraisal committee.

The primary duties of the remuneration and appraisal committee include, but not limited to (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with paragraph A.5 of the CG Code as set out in Appendix 14 to the Listing Rules. The nomination committee consists of Mr. Yao Haisong, Ms. Lee Kit Ying and Dr. He Chao. Mr. Yao Haisong is the chairperson of the nomination committee.

The primary duties of the nomination committee are to (i) review the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board; (ii) identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; (iii) perform review on the contributions made by our Directors (including our independent non-executive Directors) and the sufficiency of time devoted to perform their duties; (iv) assess the independence of our independent non-executive Directors; and (v) make recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors.

Strategic and development Committee

We have established a strategy and development committee, which consists of Mr. Sun Hongbin, Dr. He Chao and Dr. Li Minghua. Mr. Sun Hongbin is the chairman of the strategy and development committee. The primary duties of the strategy and development committee are to study and advise on the long term strategy and major development and financing plans of our Group.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board has a balanced mix of knowledge, skills and experience, including but without limitation to research and development of surgical robots, medical device, medical engineering, investment management, medicine, securities and derivatives, and legal industry. Members of our board have obtained degrees in various majors including mechanical engineering, economics, mechanical and electronics, science, molecular genetics and microbiology, business administration, accountancy, financial engineering, medicine, diagnostic radiology, jurisprudence and international business law. We have three independent non-executive Directors from different industry backgrounds, including accounting, neuro-imaging and legal industry. Furthermore, our Directors are of a wide range of age, from 36 years old to 72 years old.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. Our Board currently comprises one female Director and six male Directors. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Our board diversity policy provides that our Board should aim to increase the proportion of female members over time after Listing where possible when selecting and making recommendations on suitable candidates for Board appointments. We will also ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to the expectations of stakeholders and international and local recommended best practices.

Our nomination committee is responsible for ensuring the diversity of our Board members. After Listing, our nomination committee will review our board diversity policy and its implementation from

time to time to monitor its continued effectiveness and we will disclose the implementation of our board diversity policy, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives, in our corporate governance report on an annual basis.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 and Rule 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular and financial report;
- where a transaction, which might be notifiable or connected transaction, is contemplated including shares issues and share repurchases;
- where our Company proposes to use the proceeds from the Global Offering in a manner different from that detailed in this Prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this Prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Group in the form of fees, salaries and other benefits and contribution to pension scheme.

The aggregate remuneration (including fees, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payment) paid to our Directors and Supervisors for each of the two years ended December 31, 2020 and the six months ended June 30, 2021 was RMB1.6 million, RMB5.7 million and RMB17.2 million, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors for each of the two years ended December 31, 2020 and the six months ended June 30, 2021.

The aggregate amount of salaries, other benefits, discretionary bonuses and equity-settled share-based payment paid to our five highest paid individuals in respect of each of the two years ended December 31, 2020 and the six months ended June 30, 2021 was approximately RMB3.5 million, RMB12.0 million and RMB26.9 million, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of each of the

two years ended December 31, 2020 and the six months ended June 30, 2021. Further, none of our Directors or Supervisors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payment) of our Directors and Supervisors for the year ending December 31, 2021 is estimated to be no more than approximately RMB14.6 million.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the Listing, receive recommendation from the remuneration and appraisal committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he/she did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and medical device industries. However, as these non-executive Directors are neither our Controlling Shareholders nor members of our executive management team, we believe that their interests in such companies as directors would not render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into employment contracts, confidentiality agreements and non-competition agreements with our senior management members and other key personnel. Below sets forth the key terms of these contracts we have entered into with our senior management and other key personnel.

Confidentiality

- Scope of confidential information. Information that the employee shall keep confidential includes but is not limited to trade secrets, inventions, discoveries, technical updates and improvements, data (including but not limited to clinical data), design, know-how, market and sales conditions, information of distributors, customers and employee compensation of our Group and the MicroPort Group.

- Confidential obligation. The employee shall keep confidential information in confidence and shall not use, divulge, publish or otherwise disclose or allow to be disclosed any aspect of confidential information to any entity or person whatsoever without the written consent of our Group.

- Confidential period. The confidentiality obligation shall continue to be in effect after the departure of the employee.

Non-competition

Within two years from the date of the employee's departure (the "**Non-compete Period**"), the employee shall not be engaged in any work, consulting or other services of any kind for any other person or business entity that competes with our Group. Our Group shall pay monthly compensation to the relevant employee during the Non-compete Period.

Service Invention

The rights and interests in any invention, discovery, utility model, design and technical solution that produced by the employee within one year from the date of the employee's departure during their employment, including but not limited to those (i) related to the employee's work or (ii) developed in whole or in part using our equipment or confidential information, shall belong to us.

Non-solicitation

The employee agrees that he/she shall not directly or indirectly, (i) solicit, induce, recruit or encourage any of our employees to leave our Group; and (ii) solicit our clients, within two years after termination of employment with our Group.

CORPORATE GOVERNANCE

Our Company aims to achieve high standards of corporate governance which are crucial to the development and safeguard the interests of our Shareholders. To accomplish this, our Company expects to comply with the CG Code and the associated Listing Rules after the Listing.

OVERVIEW

Our Company was established in the PRC as a limited liability company on May 11, 2015 and converted into a joint stock company with limited liability on December 31, 2020. Immediately following the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), Shanghai Latent and Shanghai Qingzhen, by virtue of an acting in concert agreement entered into between them, will control in aggregate approximately 52.53% of our Company's total share capital.

As of the Latest Practicable Date, Shanghai Latent was wholly owned by MicroPort Investment, which in turn is wholly owned by MicroPort. MicroPort is a company listed on the Stock Exchange (stock code: 853). Accordingly, Shanghai Latent, Shanghai Qingzhen, MicroPort Investment and MicroPort constitute a group of our Controlling Shareholders under the Listing Rules.

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

MicroPort, together with its subsidiaries, is a leading medical device company focusing on innovating, manufacturing and marketing high-end medical devices whose shares have been listed on the Main Board of the Stock Exchange since 2010 (stock code: 853). MicroPort maintains world-wide operations in a broad range of business segments. As of December 31, 2020, MicroPort has eight major business segments: cardiovascular devices, orthopedics devices, cardiac rhythm management, endovascular and peripheral vascular devices, neurovascular devices, heart valve, surgical robot and surgical devices, offering more than 300 varieties of medical devices, and provides nearly 300 medical solutions to doctors and patients in more than 10,000 hospitals across over 80 countries or regions.

Each of Shanghai Latent, Shanghai Qingzhen, and MicroPort Investment is an investment holding company or an investment holding limited partnership.

DELINEATION OF BUSINESS

There is clear delineation between the businesses of the MicroPort Group (the "**Retained Business**") and our business. The table below sets forth the principal business of our Group and the Retained Business undertaken by the MicroPort Group:

Our Group:	Research, development and commercialization of surgical robots that are used to assist surgeons to perform surgical procedures (the "**Principal Business**")
The MicroPort Group:	(i) cardiovascular devices business offering products and services for the interventional treatment of coronary artery related diseases (the "**Cardiovascular Business**");
	(ii) orthopedics devices business offering an extensive range of products that includes reconstructive joints, spine, trauma and other professional implants and equipment (the "**Orthopedics Business**");
	(iii) cardiac rhythm management business focusing on solutions for the management of cardiac rhythm disorders and heart failure. It offers devices that monitor patient cardiac information in order to both (i) identify abnormal heart conditions

such as arrhythmias and ventricular fibrillation and (ii) apply electrical current to prevent or treat such abnormal conditions (the "**CRM Business**");

(iv) endovascular and peripheral vascular devices business offering a range of products and services for the interventional treatment of thoracic and abdominal aortic aneurysm, peripheral vascular disease, aortic dissection and other endovascular related diseases (the "**EV Business**"). The MicroPort Group carries on the EV Business through a non-wholly owned subsidiary, Shanghai MicroPort Endovascular MedTech (Group) Co., Ltd. (上海微創心脈醫療科技（集團）股份有限公司) ("**MicroPort Endovascular**"), whose shares are listed on the science and technology innovation board of the Shanghai Stock Exchange (stock code: 688016);

(v) neurovascular devices business offering products and services for the treatment of neurovascular diseases (the "**Neurovascular Business**");

(vi) heart valve business focusing on the research and development, manufacturing and sale of devices treating valvular heart diseases (the "**Heart Valve Business**"). The MicroPort Group carries on the Heart Valve Business through a non-wholly owned subsidiary, MicroPort CardioFlow Medtech Corporation (微創心通醫療科技有限公司), whose shares are listed on the Main Board of the Stock Exchange (stock code: 2160); and

(vii) surgical devices business focusing on extracorporeal circulation products and occlusion series products used for congenital heart disease (the "**Surgical Devices Business**").

As illustrated above, the MicroPort Group focuses on different types of medical devices that are of different nature and have different applications from those of our Principal Business. Our Group develops surgical robots that are large medical equipment for surgeries, as tools used by surgeons in the surgeries. The MicroPort Group mainly provides medical consumables for long-term implantation and intervention. The products of our Group and the MicroPort Group are not interchangeable, nor are they complementary. The following sets forth further illustration on the differences between our Principal Business and the Retained Business.

Business	Key products, services and/or business activities	Nature of key products	Technical requirement	Applications
Principal Business	Surgical robots	Surgical robots applied in surgeries to enable greater operative precision and less invasiveness. For details, see "Business—Our Product Portfolio."	Robot ontology, control algorithms, electrical engineering, image-based navigation and precision imaging	See "Business—Our product Portfolio."

Business	Key products, services and/or business activities	Nature of key products	Technical requirement	Applications
Cardiovascular Business	Coronary stent system	Through implantation of stent in the coronary artery for the treatment of coronary artery stenosis; stent coated with the drug rapamycin can effectively inhibit the proliferation and migration of smooth muscle cells and prevent the recurrence of stenosis at the same location.	Combining drug loading stent design and drug-eluting stent body, drug and formula design, the cycle of drug release are the key technical requirements.	Implantation in the stenosis site of coronary artery.
Orthopedics Business	Joint replacement and internal spinal, trauma fixation products	Surgically implanted prosthesis to replace defective hip, knee; internal fixation devices surgically implanted to treat, stabilize the spine and limb fractures and other orthopedics injuries.	Implant design, material selection, surface treatment and manufacturing process are the keys.	Implants for partial or complete hip or knee replacement; limbs long bone; cervical, thoracic and lumbar and pelvis.
CRM Business	Management of cardiac rhythm disorders and heart failure and implantable pacemaker	Through implantation of pacemaker to generate electrical impulses with certain frequency of pulse current stimulates the myocardium contacted by the electrode treating bradycardia.	Low-power hardware platform design of the pacemaker, automated and physiological pacing algorithms, pacemaker assembly process.	Implantation in ventricle and atrium.
Neurovascular Business	Intracranial stent	Through implantation of intracranial stent to recover intracranial arterial vascular function of supplying blood to the brain normally.	Capability of stent's passing through small and flexuous intracranial vascular and supporting strength of intracranial vascular.	Implantation to brain intracranial arterial vascular stenosis hemorrhagic site.
Surgical Devices Business	Products required for surgical bypass surgery, including membrane oxygenator (Membrane Oxygenation System), Hollow Fiber Hemofilter, Arterial Filter and Suction Catheters	Artificial piping to connect the arteries and the artificial heart-lung machine to enable oxygenation of blood in cardiac surgery to replace short-term heart and lung function.	Oxygenation performance, temperature performance, and pre-charge priming pressure loss.	Application for surgical bypass surgery by connecting membrane oxygenator to heart of patient and artificial heart-lung machine.

Business	Key products, services and/or business activities	Nature of key products	Technical requirement	Applications
Heart Valve Business	VitaFlow™ transcatheter aortic valve and its delivery system	Self-expanding Nitinol frame Bovine pericardium Pet skirt Hybrid handle.	Anti-calcification treatment of the bovine pericardium, high radial force of the frame, durability of the valve, low incidences of postoperative complication after implantation and ease of use of the motorized delivery system.	Using artificial aortic valve to replace the natural aortic valve in human body for the treatment of heavy aortic stenosis.
EV Business	Thoracic and abdominal aortic stent-graft	Through implantation of stent-graft in the thoracic and abdominal aortic artery to exclude (isolate) aortic aneurysms and prevent aneurysm rupture.	The stent-graft is made of Nitinol alloy stent and Dacron graft with medical suture assembly. The key technology is to prevent stent-graft endoleak, migration and fully exclude aneurysm sac.	Implantation in the thoracic and abdominal aneurysm lesion.
	Peripheral products	Treatment of peripheral arterial or venous stenosis and occlusive lesions.	By dilating the stenosis lesions to reopen the vascular or by removing the thrombus in vessel through the thrombectomy device. The key technology is how to more effectively clear the blockage and avoid long-term restenosis caused by smooth muscle proliferation without damaging the intima.	Peripheral vascular arteriosclerosis, iliac vein compression syndrome, deep vein thrombosis, pulmonary thrombosis.

Given that there is clear delineation between the businesses of our Group and the MicroPort Group, our Directors are of the view that the Retained Business does not compete and is unlikely to compete, directly or indirectly, with our Group's business.

As of the Latest Practicable Date, none of our Controlling Shareholders and Directors had any interest in any business which competes or is likely to compete, either directly or indirectly with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

For reasons set out below, we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after the Listing.

Management Independence

Our Board comprises one executive Director, three non-executive Directors, and three independent non-executive Directors. Save for one of our non-executive Directors, Mr. Sun Hongbin, who is concurrently serving as the chief financial officer, co-chairman of Greater China Executive Committee and a member of Intercontinental Cardiac Rhythm Management Committee of MicroPort and holds various directorships and management positions in our Controlling Shareholders and their respective close associates, none of our Directors or members of our senior management team holds any position in our Controlling Shareholders or their respective close associates.

Despite his overlapping roles, Mr. Sun Hongbin as our non-executive Director will not be involved in the day-to-day management and operations of our businesses. Our executive Director and senior management team will carry out the business operations of our Group independently from our Controlling Shareholders and their respective close associates.

Each of the Directors is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests. In the event that there is any potential conflict of interest arising out of any transaction to be entered into between our Group and any of the Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Based on the reasons above, our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates following the completion of the Spin-off.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently from our Controlling Shareholders and their respective close associates and will continue to do so after the Listing. Our Group is able to operate without reliance on our Controlling Shareholders and their respective close associates.

Research and Development

We have our own R&D center which is independent from the R&D centers of the MicroPort Group. As of the Latest Practicable Date, our R&D center employed over 290 members, who are all full-time employees of our Group and do not hold any position in our Controlling Shareholders or their respective close associates. In addition, our Group owns over 140 patents in the PRC and other countries which are necessary for our operations. With such independent R&D center, an experienced and independent R&D team and self-owned patents, our Group has all the requisite resources to carry on our R&D process independently.

Customers, sales and marketing/distribution

During the Track Record Period and up to the Latest Practicable Date, our Group had not generated any revenue. Upon future commercialization of our products, we do not expect to sell our products through our Controlling Shareholders and/or their respective close associates, or bundle our sales with that of our Controlling Shareholders and/or their respective close associates.

Our Group has developed our independent sales and marketing teams and channels. Members of the marketing team were recruited by our Group independently.

Our Group is in the process of establishing our own distribution network independent from our Controlling Shareholders and/or their respective close associates. While we have not generated any revenue, we may consider engaging distributors for the sales of our products. It is expected that there would not be any overlap in distributors between our Group and our Controlling Shareholders and their respective close associates due to the differences in market segments, sales channels between our products and the products of our Controlling Shareholders and their respective close associates.

Production

As of the Latest Practicable Date, we were leasing premises in Shanghai and Suzhou from the MicroPort Group with a total GFA of approximately 3,880 sq.m. for our operations. While we will lease premises from the MicroPort Group, our production facilities are different from, and are not interchangeable with, the production facilities of our Controlling Shareholders and their respective close associates.

We have our own production team dedicated to our production and operating process. The production facilities are operated by our own production team and we do not rely on our Controlling Shareholders and their respective close associates for our production. We have plan to build our own production center and consolidate our production facilities.

Suppliers/procurement

We procure parts and materials used in R&D and manufacturing independently. There are overlapping suppliers between our Group and our Controlling Shareholders and their respective close associates. Due to the following, our Directors are of the view that procurement from overlapping suppliers does not result in any reliance on our Controlling Shareholders and their respective close associates:

(a) we have full discretion to select our suppliers, and all the transactions between our Group and the overlapping suppliers are negotiated independently from our Controlling Shareholders and their respective close associates;

(b) the majority of the overlapping suppliers were suppliers of low-value administrative consumables such as office supplies, public administrative services and other standard parts, including computers, air ticket agency services and cables. The consumables can be easily supplied by alternative suppliers in the market and the purchases from these overlapping suppliers were made after considering the product quality and service quality;

(c) the purchase agreements for the parts and materials in R&D and production of our Group and our Controlling Shareholders and their respective close associates are not bundled

together. We do not have packaged deal with our Controlling Shareholders and/or their respective close associates in procurement, or vice versa; and

(d) the procurement amount from each overlapping supplier is relatively low. The low supplier concentration minimizes the risk that may be caused by potential change of any single supplier.

Administrative Support

We have independent R&D center and production facilities, full-time management team and staff to carry out our own administration and operation independent from our Controlling Shareholders and their respective close associates. Save for the administrative support services as set out in the section headed "Connected Transactions—(B) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' approval requirements—2. Procurement of services," all key administrative functions will be carried out by our own without reliance or the support of our Controlling Shareholders and their respective close associates.

Continuing connected transactions with our Controlling Shareholders

The section headed "Connected Transactions" in this Prospectus sets out the continuing connected transactions between our Group and our Controlling Shareholders or their associates which will continue after the completion of the Spin-off. The terms of all such transactions will be determined after arm's length negotiations and on normal commercial terms or better. Accordingly, such continuing connected transactions are not expected to affect our operational independence as a whole.

Financial Independence

As of the Latest Practicable Date, our Group did not have any outstanding loans, advances or balances due to or from our Controlling Shareholders or their respective close associates or financial assistance arrangement with our Controlling Shareholders or their respective close associates, and our Group had not provided any guarantee in respect of any loans of our Controlling Shareholders and their respective close associates and vice versa.

In addition, we have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third party financing. Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that it has fully comprehended its obligations to act in our Shareholders' best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

(a) as part of our preparation for the Spin-off, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that,

unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(c) we are committed that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. For details of our independent non-executive Directors, see "Directors, Supervisors and Senior Management—Board of Directors—Independent non-executive Directors";

(d) we have appointed Somerley Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws in Hong Kong and the Listing Rules including various requirements relating to Directors' duties and corporate governance; and

(e) as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole.

OVERVIEW

Our Group has entered into certain agreements with parties who will, upon completion of the Listing, become our connected persons, and the transactions disclosed in this section will constitute continuing connected transactions of our Company under the Listing Rules upon the Listing.

As our Company is eligible for listing on the Stock Exchange under Chapter 18A of the Listing Rules as a pre-revenue biotech company, the revenue ratio under Rule 14.07 of the Listing Rules would not be an appropriate measure of the size of relevant continuing connected transactions set out in this section. As an alternative, we have applied a percentage ratio test based on the total expenses for R&D and administrative matters of our Group.

(A) CONTINUING CONNECTED TRANSACTION FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Trademark Licensing

On October 15, 2021, our Company entered into a master trademark licensing agreement (the "**Master Trademark Licensing Agreement**") with MicroPort, pursuant to which MicroPort agreed to irrevocably and unconditionally grant us, and to procure its subsidiaries to grant us, a non-transferable license to use certain trademarks owned by the MicroPort Group in the PRC on a royalty-free basis for a perpetual term commencing from the date of the Master Trademark Licensing Agreement, which is subject to the renewal of the licensed trademarks. For details, see "Statutory and General Information—B. Further Information about Our Business—2. Intellectual Property Rights of Our Group" in Appendix VI to this prospectus.

We believe that entering into the Master Trademark Licensing Agreement with a term of more than three years can ensure the stability of our operations and is beneficial to us and our Shareholders as a whole. The Joint Sponsors are of the view that it is normal business practice for agreements of this type to be of such duration.

MicroPort is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Trademark Licensing Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As the right to use the licensed trademarks is granted to us on a royalty-free basis, the transactions under the Master Trademark Licensing Agreement will be within the de minimis threshold provided under Rule 14A.76 of the Listing Rules and will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Procurement of Products

On October 15, 2021, our Company entered into a master products procurement agreement (the "**Master Products Procurement Agreement**") with MicroPort, pursuant to which our Group agreed to procure from or procure through the MicroPort Group and its joint ventures and associates certain materials and products mainly for use in our R&D, production and operation (the "**Products**"). The Master Products Procurement Agreement has a term commencing from the Listing Date until December 31, 2023.

For each of the two years ended December 31, 2020 and the six months ended June 30, 2021, the total transaction amounts for the procurement of the Products were RMB5.7 million, RMB2.5 million and RMB6.4 million, respectively.

Given each of the Products is readily available from third-party suppliers at a comparable price, the prices for the procurement of the Products were determined after arm's length negotiations with reference to the prevailing market price of the materials and products of the similar specification, as well as the quality, volume, method of procurement, cost of procurement to MicroPort Group and its joint ventures and associates (in respect of Products procured on our behalf), and the fees charged for historical transactions of similar materials and products.

It is estimated that the maximum transaction amounts for the procurement of the Products for each of the three years ending December 31, 2023 will not exceed RMB10.8 million, RMB9.5 million and RMB8.1 million, respectively.

The following factors were considered in arriving at the above annual caps:

- the historical transaction amounts in relation to the procurement of the Products during the Track Record Period;
- the estimated demand for the Products for the three years ending December 31, 2023;
- the estimated cost of procurement to the MicroPort Group and its joint ventures and associates in respect of the Products procured on our behalf; and
- the estimated price of the Products to be charged by the MicroPort Group and its joint ventures and associates, which is based on the historical price.

The expected higher annual caps for the procurement of the Products for the three years ending December 31, 2023 as compared to the historical transaction amounts during the Track Record Period, and in particular the increase in the expected transaction amount for the year ending December 31, 2021, are primarily due to the following reasons:

(i) we have commenced clinical trainings in the use of our pipeline products since 2021 to promote the adoption of our products by surgeons and hospitals. Based on the expected commercialization of *Toumai*, *Honghu* and our other products, it is expected that we will

conduct hundreds of clinical trainings in 2021, which will lead to substantial increasing demand for the Products, including consumables and certain materials and parts required for the production of prototypes used in the trainings;

(ii) we plan to commence multi-center clinical trials for our pipeline products for the preparation of NMPA registrations, which will lead to an increase in the demand for the Products. For example, we began patient enrollment for the registrational clinical trial for *Toumai*'s application to gynecologic, thoracic and general surgical areas in October 2021 and therefore an increasing number of prototypes will be required;

(iii) having taken into account the registration approval of *Toumai* for application in urologic surgery will be obtained in the first quarter of 2022 and *Toumai* will be commercially launched in China upon its registration, it is expected that the demand for the Products will significantly increase for the three years ending December 31, 2023 as compared to the historical demand; and

(iv) having taken into account the potential supply chain risk resulting from the impact of COVID-19 and the expected commercialization plan of our products in the near future, we have maintained a higher inventory level since 2021 as compared to that for the Track Record Period.

MicroPort is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Products Procurement Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Master Products Procurement Agreement is expected to be more than 5% on an annual basis, the transactions under the Master Products Procurement Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Procurement of Services

On October 15, 2021, our Company entered into a master services procurement agreement (the "**Master Services Procurement Agreement**") with MicroPort, pursuant to which the Microport Group and its joint ventures and associates shall provide our Group certain services, including but not limited to cleaning and packaging services, sterilization services, product testing services, animal test services and administrative support services (the "**Services**"). The Master Services Procurement Agreement has a term commencing from the Listing Date until December 31, 2023.

For each of the two years ended December 31, 2020 and the six months ended June 30, 2021, the transaction amounts for the procurement of the Services were RMB2.8 million, RMB4.5 million and RMB2.3 million, respectively.

The fees for the Services will be determined after arm's length negotiations with reference to (i) the procurement volume of each type of service; (ii) the prevailing market rate of similar services

(having taken into account the nature, complexity and scope of services, the method of delivery and the anticipated operational costs including but not limited to labor costs and costs of materials used for providing the services); and (iii) the fees charged for historical transactions of similar services.

It is estimated that the maximum transaction amounts in relation to the procurement of the Services for each of the three years ending December 31, 2023 will not exceed RMB11.1 million, RMB27.2 million and RMB24.9 million, respectively.

The following factors were considered in arriving at the above annual caps:

- the historical transaction amounts and grow trend in relation to the procurement of the Services during the Track Record Period;
- the estimated demand for the Services for the three years ending December 31, 2023 which is primarily driven by the R&D and commercialization of our products, having taken into account the R&D schedule, registration progress and estimated production volume of our products; and
- the estimated service fee to be charged by the Microport Group and its joint ventures and associates, which is based on the historical service fee rate.

The expected higher annual caps for the procurement of the Services for three years ending December 31, 2023 as compared to the historical transaction amounts during the Track Record Period is primarily due to the following reasons:

(i) we have commenced clinical trainings in the use of our pipeline products since 2021 to promote the adoption of our products by surgeons and hospitals. Based on the expected commercialization of *Toumai*, *Honghu* and our other products, it is expected that we will conduct hundreds of clinical trainings in 2021, which will lead to substantial increasing demand for the Services in the production of prototypes, consumables and accessories, including cleaning, packaging and sterilization services;

(ii) in line with the increased level of R&D activities of our pipeline products, it is expected that the demand for the Services in the production of prototypes, consumables and accessories will significantly increase for the three years ending December 31, 2023. For example, we began patient enrollment for the registrational clinical trial for *Toumai*'s application in gynecologic, thoracic and general surgical areas in October of 2021; and it is planned that design validation of *Honghu*'s potential application in THA will be performed in early 2022 and the clinical trial for THA in China will be performed by the end of 2022;

(iii) we are in the process of formulating our sales and marketing plan in anticipation of commercial launch of our products. The expected commercialization of our products will lead to an increasing demand for the Services in the production of consumables and our products. It is expected that the registration approval of *Toumai* for application in urologic surgery will be obtained in the first quarter of 2022 and *Toumai* will be commercially launched in China upon its registration.

Our Group commenced the construction of our own processing facilities in July 2021 and such facilities will commence operations in 2023. As such, the transaction amounts for the procurement of the Services are expected to decrease in the year ending December 31, 2023.

MicroPort is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Services Procurement Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

Since one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Master Services Procurement Agreement is expected to be more than 5% on an annual basis, the transactions under the Master Services Procurement Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(C) APPLICATION FOR WAIVER

The transactions described under "—(B) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" in this section constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted us, waivers exempting us from strict compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "—(B) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above). Apart from the announcement, circular and independent shareholders' approval requirements for which waiver from strict compliance with has been obtained, the Company will comply at all times with the other applicable provisions under Chapter 14A of the Listing Rules in respect of these non-exempt continuing connected transactions.

If any terms of the transactions contemplated under the agreements mentioned above are altered or if our Company enters into any new agreements with any connected person in the future, we will apply for and obtain a separate waiver from the Stock Exchange.

(D) DIRECTORS' VIEWS

Our Directors, including our independent non-executive Directors, are of the view that all the continuing connected transactions described in "—(B) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" in this section have been and will be carried out: (i) in the ordinary and usual course of our business, (ii) on normal commercial terms or better; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors, including our independent non-executive Directors, are also of the view that the annual caps of the continuing connected transactions described in "—(B) Continuing Connected

Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" in this section are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

(E) JOINT SPONSORS' VIEW

The Joint Sponsors are of the view (i) that the continuing connected transactions described in "—(B) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" in this section have been and will be carried out in the ordinary and usual course of our business, on normal commercial terms or better, that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) that the proposed annual caps (where applicable) of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

So far as is known to our Directors, as of the Latest Practicable Date and immediately prior to and following the completion of the Global Offering (without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option), the following persons had or will have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of any member of our Group:

LONG POSITIONS IN SHARES OF OUR COMPANY

		Shares held as of the Latest Practicable Date and immediately prior to the Global Offering [1]			Shares held in the relevant class of shares and the total share capital of the Company immediately following the completion of the Global Offering [1]			
Name of Shareholder	**Nature of interest**	**Class of Shares**	**Number**	**Percentage**	**Class of Shares**	**Number**	**Percentage of shareholding in the relevant class of shares**	**Percentage of shareholding in the total issued share capital**
				(approx.)			*(approx.)*	*(approx.)*
Shanghai Latent [2] [3]	Beneficial owner Interest held jointly with another person	Domestic Shares	500,731,007 (L)	54.61%	H Shares	500,731,007(L)	52.90%	52.53%
MicroPort Investment [2]	Interest in a controlled corporation	Domestic Shares	500,731,007 (L)	54.61%	H Shares	500,731,007(L)	52.90%	52.53%
MicroPort [2]	Interest in a controlled corporation	Domestic Shares	500,731,007 (L)	54.61%	H Shares	500,731,007(L)	52.90%	52.53%
Shanghai Qingzhen [3]	Beneficial owner Interest held jointly with another person	Domestic Shares	500,731,007 (L)	54.61%	H Shares	500,731,007(L)	52.90%	52.53%
Shanghai Qingmin	Beneficial owner	Domestic Shares	96,013,252(L)	10.47%	H Shares	96,013,252(L)	10.14%	10.07%
Dr. He Chao (何超) [4] [5] [6]	Interest in a controlled corporation	Domestic Shares	621,906,912(L)	67.82%	H Shares	621,906,912(L)	65.70%	65.24%
Ms. Ji Shufang (及淑芳) [7]	Interest of spouse	Domestic Shares	621,906,912(L)	67.82%	H Shares	621,906,912(L)	65.70%	65.24%
Mr. Yuan Shuai (袁帥)[8]	Interest in a controlled corporation	Domestic Shares	557,001,874 (L)	60.74%	H Shares	557,001,874(L)	58.84%	58.43%
Ms. Wu Kaili (吳凱利)[9]	Interest of spouse	Domestic Shares	557,001,874 (L)	60.74%	H Shares	557,001,874(L)	58.84%	58.43%
Zhuhai Gao Ling Chongheng Equity Investment LLP (珠海高瓴崇恒股權投資合夥企業（有限合夥）) ("Gao Ling Chongheng") [10]	Beneficial owner	Domestic Shares	71,972,764(L)	7.85%	H Shares	71,972,764(L)	7.60%	7.55%
Shenzhen Gao Ling Muqi Equity Investment Fund LLP (深圳高瓴慕祺股權投資基金合夥企業（有限合夥）) ("Gao Ling Muqi")) [10]	Interest in a controlled corporation	Domestic Shares	71,972,764(L)	7.85%	H Shares	71,972,764(L)	7.60%	7.55%

Name of Shareholder	Nature of interest	Shares held as of the Latest Practicable Date and immediately prior to the Global Offering [1]			Shares held in the relevant class of shares and the total share capital of the Company immediately following the completion of the Global Offering [1]			
		Class of Shares	Number	Percentage	Class of Shares	Number	Percentage of shareholding in the relevant class of shares	Percentage of shareholding in the total issued share capital
				(approx.)			*(approx.)*	*(approx.)*
Xiamen Gao Ling Ruiqi Equity Investment Fund LLP (廈門高瓴瑞祺股權投資基金合夥企業（有限合夥）) ("Gao Ling Ruiqi") [10]	Interest in a controlled corporation	Domestic Shares	71,972,764(L)	7.85%	H Shares	71,972,764(L)	7.60%	7.55%
Shenzhen Gao Ling Tiancheng Phase III Investment Co., Ltd. (深圳高瓴天成三期投資有限公司) ("Shenzhen Gao Ling") [10][11]	Interest in a controlled corporation	Domestic Shares	73,772,755(L)	8.05%	H Shares	73,772,755(L)	7.79%	7.74%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) Shanghai Latent is wholly owned by MicroPort Investment, which in turn is wholly owned by MicroPort. By virtue of the SFO, MicroPort and MicroPort Investment are deemed to be interested in the Shares held by Shanghai Latent.

(3) Shanghai Latent and Shanghai Qingzhen are parties acting-in-concert pursuant to a concert party agreement. For details, see "History, Reorganization and Corporate Structure—Concert Party Agreement" of this prospectus. Shanghai Qingzhen holds 16,963,831 Shares, representing approximately 1.85% and 1.78% of our Shares in issue immediately prior to and following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), respectively.

(4) Dr. He Chao, who is our executive Director and president, is the general partner of Shanghai Qingmin. By virtue of the SFO, Dr. He is deemed to be interested in the Shares held by Shanghai Qingmin.

(5) Dr. He Chao holds approximately 43.12% interest in Shanghai Qinghe as its limited partner. Shanghai Qinghe holds 25,162,653 Shares, representing approximately 2.74% and 2.64% of our Shares in issue immediately prior to and following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), respectively. By virtue of the SFO, Dr. He is deemed to be interested in the Shares held by Shanghai Qinghe.

(6) Dr. He Chao holds approximately 54.05% interest in Shanghai Qingzhen as its limited partner. By virtue of the SFO, Dr. He is deemed to be interested in the Shares held by Shanghai Qingzhen.

(7) Ms. Ji Shufang ("Ms. Ji") is the spouse of Dr. He Chao. By virtue of the SFO, Ms. Ji is deemed to be interested in the Shares held by Dr. He Chao.

(8) Mr. Yuan Shuai, our Supervisor, is the general partner of Shanghai Qinghe and Shanghai Qingzhen. As such, Mr. Yuan is deemed to be interested in the Shares held by Shanghai Qinghe and Shanghai Qingzhen by virtue of the SFO. Also, Mr. Yuan is the general partner of Shanghai Songqing Enterprise Consulting Center (LLP) (上海頌擎企業管理諮詢中心(有限合夥)) ("Shanghai Songqing"), which held approximately 35.87% interest in Shanghai Qingxing. As such, Mr. Yuan is deemed to be interested in the Shares held by Shanghai Qingxing by virtue of the SFO. Shanghai Qingxing holds 31,108,214 Shares, representing approximately 3.39% and 3.26% of our Shares in issue immediately prior to and following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), respectively.

(9) Ms. Wu Kaili is the spouse of Mr. Yuan Shuai. By virtue of the SFO, Ms. Wu is deemed to be interested in the Shares held by Mr. Yuan.

(10) By virtue of the SFO, Shenzhen Gao Ling (as general partner) and Gao Ling Muqi and Gao Ling Ruiqi (as relevant limited partners) are deemed to be interested in the Shares held by Gao Ling Chongheng. As such, by virtue of the SFO, each of Shenzhen Gao Ling, Gao Ling Muqi and Gao Ling Ruiqi is deemed to be interested in the Shares held by Gao Ling Chongheng.

(11) Shenzhen Gao Ling is also the general partner of Zhuhai Gao Ling Jiangheng Equity Investment LLP (珠海高瓴絳恒股權投資合夥企業(有限合夥)) ("Gao Ling Jiangheng"). Gao Ling Jiangheng held 1,799,991 Shares, representing approximately 0.20% and 0.19% of our Shares in issue immediately prior to and following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), respectively. By virtue of the SFO, Shenzhen Gao Ling is deemed to be interested in the Shares held by Gao Ling Jiangheng.

LONG POSITION IN EQUITY INTEREST OF MEMBERS OF OUR GROUP

Name of Shareholder	Company concerned	Nature of interest	Shares held immediately prior to the completion of the Global Offering	Shares held immediately following the completion of the Global Offering
			(approx.)	*(approx.)*
Mr. Liu Yu (劉雨)	1.1 Medical	Beneficial owner	40%	40%

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have any interest and/or short positions in the Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "Cornerstone Investment Agreement", and together the "Cornerstone Investment Agreements") with the cornerstone investors set out below (each a "Cornerstone Investor", and together the "Cornerstone Investors"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) that may be purchased for an aggregate amount of US$95.0 million (or approximately HK$739.6 million) (the "Cornerstone Placing").

Assuming an Offer Price of HK$36.00, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 20,542,500 Offer Shares, representing approximately 56.7% of the Offer Shares pursuant to the Global Offering, approximately 2.2% of the H Shares in issue upon completion of the Global Offering and approximately 2.2% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$39.60, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 18,673,500 Offer Shares, representing approximately 51.6% of the Offer Shares pursuant to the Global Offering, approximately 2.0% of the H Shares in issue upon completion of the Global Offering and approximately 2.0% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$43.20, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 17,119,000 Offer Shares, representing approximately 47.3% of the Offer Shares pursuant to the Global Offering, approximately 1.8% of the H Shares in issue upon completion of the Global Offering and approximately 1.8% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, in particular in the life sciences and healthcare sectors, the Cornerstone Placing will help raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Our Company became acquainted with each of the Cornerstone Investors through introduction by the Joint Global Coordinators in the Global Offering.

The Cornerstone Placing will form part of the International Offering and the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid H Shares in issue and will be counted towards the public float of the Company under Rule 8.08 of the Listing Rules and in compliance with the requirement under Rule 8.08(3) of the Listing Rules. Such Offer Shares will not count towards the public float for the purpose of Rule 18A.07 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors

do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders.

To the best knowledge of our Company after making reasonable enquiries, (i) each of the Cornerstone Investors is an Independent Third Party; (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, its subsidiaries, the Directors, chief executive of our Company, Controlling Shareholders, substantial Shareholders, existing Shareholders or their respective close associates in relation to the acquisition, disposal, voting, or other disposition of H Shares registered in its name or otherwise held by it; and (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executive of our Company, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment as each of them has general authority to invest.

As confirmed by each of the Cornerstone Investors, their subscription under the Cornerstone Placing would be financed by their own internal resources. There are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price.

The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering. Each of the Cornerstone Investors has agreed that if the total demand for H Shares in the Hong Kong Public Offering falls within the circumstances as set out in the section headed "Structure of the Global Offering—The Hong Kong Public Offering—Reallocation" in this prospectus, the number of Offer Shares to be subscribed by each Cornerstone Investor shall be reduced on a pro rata basis to satisfy the shortfall, after taking into account the requirements under Appendix 6 to the Listing Rules as well as the discretion of the Stabilization Manager (for themselves and on behalf of the International Underwriters) to exercise the Over-allotment Option. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around November 1, 2021.

Other than Aspex, Hillhouse Funds, CloudAlpha and Artisan (as defined below), each of the other Cornerstone Investors has agreed that the Joint Global Coordinators may defer the delivery of all or any part of the Offer Shares it has subscribed for to a date later than the Listing Date. The delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. Each Cornerstone Investor has agreed that it shall pay the relevant Offer Shares on or before the Listing Date. There will be no delayed settlement of payment. There will be no delayed delivery if there is no over-allocation in the International Offering. For details of the Over-allotment Option and the stabilization action by the Stabilizing Manager, see "Structure of the Global Offering—Over-allotment Option" and "Structure of the Global Offering—Stabilization" in this prospectus, respectively.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Placing.

Aspex

Aspex Master Fund (the "Aspex") is a Cayman Islands exempted company incorporated with limited liability operating as a private investment fund, which is managed by Aspex Management (HK) Limited (the "Aspex Management"). Aspex Management is a licensed corporation established in Hong Kong to carry out Type 9 (asset management) regulated activities under the SFO in Hong Kong and serves as investment manager to Aspex. None of Aspex nor any of its affiliates is a connected person (as defined in the Listing Rules) of our Company.

Hillhouse Funds

HHLR Fund, L.P. and YHG Investment, L.P. (collectively, the "Hillhouse Funds") are limited partnerships formed under the laws of the Cayman Islands. HHLR Advisors, Ltd. ("Hillhouse") serves as the investment manager of HHLR Fund, L.P. and of YHG Investment, L.P.

Founded in 2005, Hillhouse is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse's investment approach. Hillhouse partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse invests in the healthcare, consumer, TMT, consumer technology, financial and business services sectors in companies across all equity stages. Hillhouse and its group members manage assets on behalf of global institutional clients.

LAV

LAV Star Limited is wholly-owned by LAV Fund VI, L.P. and LAV Star Opportunities Limited is wholly-owned by LAV Fund VI Opportunities, L.P. (together with LAV Fund VI, L.P., collectively, the "LAV Fund VI"). LAV Fund VI are Cayman exempted limited partnerships. The general partner of LAV Fund VI, L.P. and LAV Fund VI Opportunities, L.P. are LAV GP VI, L.P. and LAV GP VI Opportunities, L.P., respectively. The general partner of LAV GP VI, L.P. and LAV GP VI Opportunities, L.P. are LAV Corporate VI GP, Ltd. and LAV Corporate VI GP Opportunities, Ltd., respectively. LAV Fund VI are the investment arm of LAV Group (the "LAV"). LAV is an Asia-based life science investment firm with portfolios covering all major sectors of the biomedical and healthcare industry including biopharmaceuticals, medical devices, diagnostics and healthcare services. LAV is managed by a team of professionals with substantial biomedical domain expertise, as well as extensive investing experiences. LAV Fund VI are ultimately controlled by Dr. Yi Shi.

Snow Lake Funds and Accounts

Snow Lake China Master Fund, Ltd., Snow Lake China Master Long Fund, Ltd. and Snow Lake Asia Master Fund Limited (the "Snow Lake Funds") are exempted companies established under the laws of the Cayman Islands, while Compass Offshore SAV II PCC Limited is a Guernsey protected

cell company, and Compass SAV II L.L.C. is a Delaware limited liability company (together with Snow Lake Funds and Compass Offshore SAV II PCC Limited, the "Snow Lake Funds and Accounts").

Snow Lake Capital (HK) Limited ("Snow Lake Capital"), a Hong Kong incorporated company serves as the investment manager of the Snow Lake Funds and Accounts. Snow Lake Capital together with its affiliates is an Asian alternative investment management firm founded in 2009. The firm employs a long-term fundamental investment approach, leveraging its in-house proprietary research capabilities and disciplined investment process in selecting high quality businesses with forward-thinking management. Snow Lake Capital mainly invests in leading companies in the technology, consumer, healthcare and financials sectors. Snow Lake Capital manages capital, mainly for institutional clients globally, including endowments, foundations, sovereign wealth funds and pensions.

Yorkool

Yorkool International Limited ("Yorkool") was incorporated in the BVI with limited liability on January 15, 2010. The company's business involves the development, production and sale of long-lasting insecticidal antimalarial products. The company has long served the Global Malaria Control Project and is a partner of the World Health Organization's Malaria Control Partnership, providing advice, technical and product services to malaria projects in relevant countries and institutions. Yorkool is owned as to 90% by Mr. Li Chenbiao (李晨彪) ("Mr. Li") and 10% by Mr. Zhang Qiang (張強) ("Mr. Zhang"). Mr. Li and Mr. Zhang have been devoted to research and development, producing and sales with long-lasting insecticidal antimalarial products for nearly 10 years, which are used in insect-borne tropical disease control projects worldwide. In addition, they have many years of investment experience in listed companies in Hong Kong, including healthcare companies listed on the Main Board of the Stock Exchange.

CloudAlpha

CloudAlpha Master Fund ("CloudAlpha") is a leading global technology fund focusing on technology opportunities in Greater China and overseas. It typically invests in the disruptive leaders in TMT space. CloudAlpha was incorporated in 2014 and has the asset under management ("AUM") of more than US$1 billion. It is managed by CloudAlpha Capital Management Limited, which is a Hong Kong based asset manager licensed to carry out Type 9 (asset management) regulated activities under the SFO. CloudAlpha is widely held by more than 100 investors across the globe, including institutional clients, family offices, high net wealth individuals, etc.

Artisan

Artisan China Post-Venture Master Fund LP ("Artisan") is a Cayman Islands exempted limited partnership with the AUM of approximately US$140 million. Artisan seeks to invest in small and mid-cap public and private companies in Greater China, with the goal of maximizing the value-creation captured by partnering with companies exhibiting strong revenue growth and returns on invested capital. The investment manager of Artisan is Artisan Partners Limited Partnership, a Delaware limited partnership registered with the United States Securities and Exchange Commission under the U.S. Investment Advisers Act of 1940, as amended. Artisan is directly or indirectly held by more than 30 limited partners and none of them hold more than 30% interest in this fund.

The table below sets forth details of the Cornerstone Placing:

Based on the Offer Price of HK$36.00 (being the low-end of the indicative Offer Price range)

Cornerstone Investor	Total investment amount (*US$ in million*)	Number of Offer Shares to be acquired[1]	Assuming the Over-allotment Option is not exercised			Assuming the Over-allotment Option is fully exercised		
			Approximate % of the Offer Shares	Approximate % of the H Shares in issue	Approximate % the total Shares in issue	Approximate % of the Offer Shares	Approximate % of the H Shares in issue	Approximate % the total Shares in issue
Aspex	20.0	4,325,000	11.9%	0.5%	0.5%	10.4%	0.5%	0.5%
Hillhouse Funds	15.0	3,243,500	9.0%	0.3%	0.3%	7.8%	0.3%	0.3%
LAV	15.0	3,243,500	9.0%	0.3%	0.3%	7.8%	0.3%	0.3%
Snow Lake Funds and Accounts	15.0	3,243,500	9.0%	0.3%	0.3%	7.8%	0.3%	0.3%
Yorkool	15.0	3,243,500	9.0%	0.3%	0.3%	7.8%	0.3%	0.3%
CloudAlpha	10.0	2,162,500	6.0%	0.2%	0.2%	5.2%	0.2%	0.2%
Artisan	5.0	1,081,000	3.0%	0.1%	0.1%	2.6%	0.1%	0.1%
Total	95.0	20,542,500	56.7%	2.2%	2.2%	49.3%	2.2%	2.1%

Based on the Offer Price of HK$39.60 (being the mid-point of the indicative Offer Price range)

Cornerstone Investor	Total investment amount (*US$ in million*)	Number of Offer Shares to be acquired[1]	Assuming the Over-allotment Option is not exercised			Assuming the Over-allotment Option is fully exercised		
			Approximate % of the Offer Shares	Approximate % of the H Shares in issue	Approximate % the total Shares in issue	Approximate % of the Offer Shares	Approximate % of the H Shares in issue	Approximate % the total Shares in issue
Aspex	20.0	3,931,500	10.9%	0.4%	0.4%	9.4%	0.4%	0.4%
Hillhouse Funds	15.0	2,948,500	8.1%	0.3%	0.3%	7.1%	0.3%	0.3%
LAV	15.0	2,948,500	8.1%	0.3%	0.3%	7.1%	0.3%	0.3%
Snow Lake Funds and Accounts	15.0	2,948,500	8.1%	0.3%	0.3%	7.1%	0.3%	0.3%
Yorkool	15.0	2,948,500	8.1%	0.3%	0.3%	7.1%	0.3%	0.3%
CloudAlpha	10.0	1,965,500	5.4%	0.2%	0.2%	4.7%	0.2%	0.2%
Artisan	5.0	982,500	2.7%	0.1%	0.1%	2.4%	0.1%	0.1%
Total	95.0	18,673,500	51.6%	2.0%	2.0%	44.9%	2.0%	1.9%

Based on the Offer Price of HK$43.20 (being the high-end of the indicative Offer Price range)

Cornerstone Investor	Total investment amount (*US$ in million*)	Number of Offer Shares to be acquired[1]	Assuming the Over-allotment Option is not exercised			Assuming the Over-allotment Option is fully exercised		
			Approximate % of the Offer Shares	Approximate % of the H Shares in issue	Approximate % the total Shares in issue	Approximate % of the Offer Shares	Approximate % of the H Shares in issue	Approximate % the total Shares in issue
Aspex	20.0	3,604,000	10.0%	0.4%	0.4%	8.7%	0.4%	0.4%
Hillhouse Funds	15.0	2,703,000	7.5%	0.3%	0.3%	6.5%	0.3%	0.3%
LAV	15.0	2,703,000	7.5%	0.3%	0.3%	6.5%	0.3%	0.3%
Snow Lake Funds and Accounts	15.0	2,703,000	7.5%	0.3%	0.3%	6.5%	0.3%	0.3%
Yorkool	15.0	2,703,000	7.5%	0.3%	0.3%	6.5%	0.3%	0.3%
CloudAlpha	10.0	1,802,000	5.0%	0.2%	0.2%	4.3%	0.2%	0.2%
Artisan	5.0	901,000	2.5%	0.1%	0.1%	2.2%	0.1%	0.1%
Total	95.0	17,119,000	47.3%	1.8%	1.8%	41.1%	1.8%	1.8%

Note:

(1) Subject to rounding down to the nearest whole board lot of 500 H Shares.

CLOSING CONDITIONS

The obligation of the Cornerstone Investors to acquire the Offer Shares under the Cornerstone Investment Agreements is subject to, among other things, the following closing conditions:

(a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement;

(b) neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(d) the Offer Price having been agreed according to the Hong Kong Underwriting Agreement, the International Underwriting Agreement and the Price Determination Agreement to be signed among the parties to such agreements in connection with the Global Offering;

(e) no laws (as defined in the respective Cornerstone Investment Agreement) shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(f) the respective representations, warranties, acknowledgements, undertakings and confirmations of the Cornerstone Investor under the respective Cornerstone Investment Agreements are (as of the date of the Cornerstone Investment Agreements) and will be (as of the closing of the respective Cornerstone Investment Agreements) accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has, where applicable, agreed that without the prior written consent of each of our Company, the Joint Sponsors and the Joint Global Coordinators, it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the "Lock-up Period"), (i) dispose of, in any way, any of the Offer Shares it has purchased pursuant to the relevant Cornerstone Investment Agreement or any interest in any company or entity holding any of such Offer Shares; (ii) allow itself to undergo a change of control (as defined in The Codes on Takeovers and Mergers and Share Buy-backs promulgated by the SFC); (iii) agree or contract to, or publicly announce any intention to enter into a transaction with a third party for disposal of such Offer Shares; or (iv) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries which will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

As of the Latest Practicable Date, the share capital of our Company was RMB916,963,831, divided into 916,963,831 Shares, with a nominal value of RMB1.00 each.

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately after the completion of the Global Offering and conversion of Domestic Shares into H Shares will be as follows:

Number of Shares	Description of Shares	Approximate percentage of total share capital
6,599,543	Domestic Shares	0.69%
910,364,288	H Shares to be converted from Domestic Shares*Note*	95.51%
36,200,000	H Shares to be issued under the Global Offering	3.80%
953,163,831		100%

Note: Please refer to "Public Float" in "History, Reorganization and Corporate Structure" for details of the identities of the shareholders whose Shares will be converted into H Shares upon Listing.

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately after the completion of the Global Offering and conversion of Domestic Shares into H Shares will be as follows:

Number of Shares	Description of Shares	Approximate percentage of total share capital
6,599,543	Domestic Shares	0.69%
910,364,288	H Shares to be converted from Domestic Shares*Note*	94.97%
41,630,000	H Shares to be issued under the Global Offering	4.34%
958,593,831		100%

Note: Please refer to "Public Float" in "History, Reorganization and Corporate Structure" for details of the identities of the shareholders whose Shares will be converted into H Shares upon Listing.

SHARE CLASSES

Upon the completion of Global Offering and conversion of Domestic Shares into H Shares, the Shares of our Company will be divided into two categories: Domestic Shares and H Shares. The two classes of Shares are both ordinary shares in the share capital of our Company. H Shares may only be subscribed for and traded in Hong Kong dollars. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect or other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Domestic Shares, on the other hand, can be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors. We must pay all dividends in respect of H Shares in Hong Kong dollars, all dividends in respect of Domestic Shares in RMB.

Except as described above and in relation to the dispatch of notices and financial reports to our Shareholders, dispute resolution, registration of Shares in different parts of our register of

Shareholders, methods of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarized in Appendix V to this prospectus, our Domestic Shares and H Shares will rank equally with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus (save for the dividends payment in RMB for Domestic Shares, in foreign currency except for RMB for Domestic Shares and in Hong Kong dollars for H Shares). However, the transfer of Domestic Shares is subject to such restrictions as PRC laws may impose from time to time. Save for the Global Offering, we do not propose to carry out any public or private issue or to place securities simultaneously with the Global Offering or within the next six months from the Listing Date. We have not approved any share issue plan other than the Global Offering.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARE

If any of the Domestic Shares are to be converted, listed and traded as H Shares on the Stock Exchange, such conversion, listing and trading will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange.

Listing Review and Approval by the CSRC

In accordance with the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請「全流通」業務指引》) announced by the CSRC, H-share listed companies which apply for the conversion of domestic shares into H shares for listing and circulation on the Stock Exchange shall file the application with the CSRC according to the administrative licensing procedures necessary for the "examination and approval of public issuance and listing (including additional issuance) of overseas shares by a joint stock company". An H-share listed company may apply for a "Full Circulation" separately or when applying for refinancing overseas. An unlisted domestic joint stock company may apply for "full circulation" when applying for an overseas initial public offering.

The Company applied for a "Full Circulation" when applying for an overseas listing with the CSRC on June 1, 2021.

The Company has received the reply from the CSRC dated September 12, 2021 in relation to the approval of the overseas listing and "Full Circulation."

Listing Approval by the Stock Exchange

We have applied to the Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from 910,364,288 Domestic Shares on the Stock Exchange, which is subject to the approval by the Stock Exchange. We will perform the follow procedures for the conversion of domestic unlisted shares into H Shares after receiving the approval of the Stock Exchange (1) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS. The domestic participating Shareholders of our Company ("the Domestic Participating Shareholders") may only deal in the Shares upon completion of following domestic procedures.

Domestic Procedures

The Domestic Participating Shareholders may only deal in the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and listing:

(a) we will appoint CSDC as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at HKSCC in its own name. CSDC, as the nominal holder of the Domestic Participating Shareholders, shall handle all custody, maintenance of detailed records, cross-broader settlement and corporate actions, etc. relating to the converted H Shares for the Domestic Participating Shareholders;

(b) we will engage a domestic securities company (the "Domestic Securities Company") to provide services such as the transmission of sell orders and trading messages in respect of the converted H Shares. The Domestic Securities Company will engage a Hong Kong securities company (the "Hong Kong Securities Company") for settlement of share transactions. We will make an application to CSDC, Shenzhen Branch for the maintenance of a detailed record of the initial holding of the converted H Shares held by our Shareholders. Meanwhile, we will submit applications for a domestic transaction commission code and abbreviation, which shall be confirmed by CSDC, Shenzhen Branch as authorized by Shenzhen Stock Exchange ("SZSE");

(c) the SZSE shall authorize Shenzhen Securities Communication Co., Ltd. to provide services relating to transmission of trading orders and trading messages in respect of the converted H Shares between the Domestic Securities Company and the Hong Kong Securities Company, and the real-time market forwarding services of the H Shares;

(d) according to the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), the Domestic Participating Shareholders shall complete the overseas shareholding registration with the local foreign exchange administration bureau before the Shares are sold, and after the overseas shareholding registration, open a specified bank account for the holding of overseas shares by domestic investors at a domestic bank with relevant qualifications and open a fund account for the H Share "Full Circulation" at the Domestic Securities Company. The Domestic Securities Company shall open a securities trading account for the H Share "Full Circulation" at the Hong Kong Securities Company; and

(e) the Domestic Participating Shareholders shall submit trading orders of the converted H Shares through the Domestic Securities Company. Trading orders of the Domestic Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Domestic Participating Shareholders, will all be conducted separately.

As a result of the conversion, the shareholding of the relevant Domestic Participating Shareholders in our Domestic Share capital registered shall be reduced by the number of Domestic Shares converted and the number of H Shares shall be increased by the number of converted H Shares.

The Domestic Shareholders can work with our Company according to the Articles of Association and follow the procedures set out in this prospectus to convert the Domestic Shares into H Shares after the Listing if they want, provided that such conversion of Domestic Shares into and listing and trading of H Shares will be subject to the approval of the relevant PRC regulatory authorities, including the CSRC, the approval of the Stock Exchange and the satisfaction of the public float requirement under the Listing Rules.

TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE

The Company Law provides that in relation to the public offering of a company, the shares issued prior to the public offering shall not be transferred within a period of one year from the date on which the publicly offered shares are listed on any stock exchange. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and not be transferred within a period of one year from the Listing Date.

For details of the lock-up undertaking given by our Controlling Shareholder to the Stock Exchange, see "Underwriting—Undertakings by the Controlling Shareholders."

INCREASE IN SHARE CAPITAL

As advised by our PRC Legal Advisors, pursuant to the Articles of Association and subject to the requirements of relevant PRC laws and regulations, our Company, upon the Listing of our H Shares, is eligible to enlarge its share capital by issuing either new H Shares or new Domestic Shares on the condition that such proposed issuance shall be approved by a special resolution of Shareholders in general meeting and by holders of Shares of that class of Shareholders whose interest is affected in a separate meeting conducted in accordance with the provisions of the Articles of Association and that such issuance complies with the Listing Rules and other relevant laws and regulations of Hong Kong. To adopt a special resolution of Shareholders in general meeting, more than the two thirds votes represented by the Shareholders (including proxies) present at the general meeting must be exercised in favor of the resolution. Resolutions of a class of Shareholders shall be passed by votes representing more than two thirds of Shareholders with voting rights attending the class Shareholders' meeting.

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司) within 15 Business Days upon the listing and provide a written report to the CSRC regarding the centralized registration and deposit of its unlisted Shares as well as the current offering and listing of shares.

SHAREHOLDERS' APPROVAL FOR THE GLOBAL OFFERING

Approval from holders of the Shares is required for the Company to issue H Shares and seek the listing of H Shares on the Stock Exchange. The Company has obtained such approval at the Shareholders' general meeting held on May 12, 2021.

You should read the following discussion and analysis in conjunction with our consolidated financial statements and the accompanying notes included in the Accountants' Report set forth in Appendix I to this prospectus. Our consolidated financial statements have been prepared in accordance with HKFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For details, see "Forward-looking Statements" and "Risk Factors."

OVERVIEW

We are a top-tier surgical robot company dedicated to designing, developing and commercializing surgical robots to assist surgeons in performing complex surgical procedures. We are the only company in the industry worldwide with a product portfolio covering the five major and fast-growing surgical specialties of laparoscopic, orthopedic, panvascular, natural orifice and percutaneous surgical procedures, according to Frost & Sullivan. Our flagship products, Toumai® (圖邁®) Laparoscopic Surgical Robot, DFVision® (蜻蜓眼®) 3D Electronic Laparoscope and Honghu (鴻鵠®) Orthopedic Surgical Robot, have all been admitted to the NMPA's innovative medical device special review and approval procedure (known as the "Green Path"). *Toumai* and *Honghu* are at the registration approval stage, and *DFVision* has recently received NMPA approval.

During the Track Record Period, we did not generate any revenue or incur any cost of sales because our products were still under development. We were not profitable and incurred an operating loss in each period of the Track Record Period. We recorded net losses of RMB69.8 million, RMB209.3 million, RMB49.0 million and RMB242.6 million for the years ended December 31, 2019 and 2020 and for the six months ended June 30, 2020 and 2021, respectively, primarily due to our research and development costs and administrative expenses.

We expect to incur increasing expenses and operating losses in the foreseeable future as we continue the research and development, clinical trials and registration of our product candidates. We expect that our financial performance will fluctuate from period to period, as the success of the clinical trials, regulatory approval and commercialization of our pipeline products are subject to uncertainty.

BASIS OF PREPARATION

Our Company was incorporated with limited liability in the PRC on May 11, 2015. In preparation for the Listing, our Company was converted from a limited liability company into a joint stock limited liability company. For details, see "History, Reorganization and Corporate Structure—Major Shareholding Changes of Our Company" in this prospectus.

Our historical financial information has been prepared in accordance with HKFRSs issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing our historical financial information, we adopted all applicable new and revised HKFRSs consistently throughout the Track Record Period.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors. A discussion of the key factors is set out below.

Growth and Competitive Landscape of Surgical Robot Market in China

Our financial performance and future growth depend on the overall growth of surgical robot market, as well as changes in its competitive landscape. In China, the surgical robot market is still at an emerging stage, but with significant growth potential. In 2020, the market size of the surgical robot market in China was US$425.3 million. It is expected that the market will experience rapid growth at a CAGR of 44.3%, reaching US$3,840.2 million in 2026. In particular, we expect the market segments for laparoscopic and joint replacement surgical robots to continue to grow, as the numbers of newly installed laparoscopic and joint replacement surgical robots are expected to increase rapidly in the foreseeable future. For details, see "Industry Overview."

In addition, our position and changes in the competitive landscape in the surgical robot market in China will also impact our results of operations. We are a domestic pioneer in the fast-growing surgical robots industry in China. Our three flagship products, *Toumai*, *DFVision* and *Honghu*, are either approved or at the registration approval stage. We have also established strategic partnerships with leading international surgical robot companies to commercialize their products in China or Greater China and jointly develop the next generation products. However, we face competition with international and domestic surgical robot companies. The market incumbents and the development of their products may affect our market position and demand for our products, which may in turn affect our results of operations. In addition, new competitors may emerge with potentially superior products, which may affect our competitive advantages and in turn affect our results of operations.

Development and Commercialization of Our Pipeline Products

Our business and results of operations depend on our ability to successfully advance the development of our pipeline products. We recently received NMPA approval of *DFVision*, but our other pipeline products are still at different stages of development. For more information on the development status of our pipeline products, see "Business—Our Product Portfolio." Whether our pipeline products can demonstrate favorable safety and efficacy clinical trial results, whether we can obtain the requisite regulatory approvals for our pipeline products in time, and whether we can build a sales and marketing network to commercialize our products successfully are crucial for our business and results of operations.

Our Ability to Improve Operating Efficiency

Our business and results of operations are significantly affected by our operating cost structure, which primarily comprised research and development costs, administrative expenses and selling and

marketing expenses during the Track Record Period. Research and development activities are central to our business. Our current research and development activities mainly relate to preclinical research and clinical trials of our pipeline products. For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021, our research and development costs accounted for 85.3%, 82.1%, 81.8% and 70.5% of our total operating expenses (being research and development costs, administrative expenses and selling and marketing expenses), respectively. Our research and development costs primarily consist of (i) staff costs, including salaries, bonus and welfare and share-based payments for research and development employees; (ii) cost of materials and consumables; (iii) contracting costs; and (iv) clinical trial expenses. We expect that our research and development costs will continue to contribute to a large proportion of our total operating expenses for the foreseeable future as we progress the clinical trial of our pipeline products and research of new products.

We expect our cost structure to evolve as our business expands and as we develop and launch new products in the future. Going forward, we will continue to endeavor to further improve operating efficiency.

SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with all applicable HKFRSs. The preparation of these financial statements requires us to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, costs and expenses. We evaluate our estimates and judgments on an ongoing basis, and our actual results may differ from these estimates. We base our estimates and associated assumptions on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Our most critical accounting policies, judgments and estimates are summarized below. See Note 2 and Note 3 to the Accountants' Report set out in Appendix I to this prospectus for a description of our significant accounting policies, judgments and estimates.

Significant Accounting Policies

Employee Benefits

We incur staff costs, including salaries, annual bonuses and paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, we state these amounts at their present values.

For share-based payments, we recognize the fair value of equity-settled payment awards granted to employees as employee cost with a corresponding increase in a capital reserve within equity. We measure the fair value at grant date using the binomial tree model and Black-Scholes model, taking into account the terms and conditions as set out in Note 2(r) to the Accountants' Report set out in Appendix I to this prospectus.

Property, Plant and Equipment

We state property, plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment at cost less accumulated depreciation and impairment losses. The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overhead and borrowing costs.

We determine gains or losses arising from the retirement or disposal of an item of property, plant and equipment as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

We calculate depreciation to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Leasehold improvements are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being 3 to 6 years from the date of completion;
- Equipment and machinery 3 to 10 years
- Office equipment, furniture and fixtures 3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, we allocate the cost of the item on a reasonable basis between the parts and depreciate each part separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Inventories

We carry inventories at the lower of cost and net realizable value. We calculate cost using the first-in-first-out method and inventory cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. We estimate net realizable value at selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. When inventories are sold, we recognize the carrying amount of those inventories as an expense in the period in which we recognize the related revenue.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period that the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Investments in Equity Securities

An investment in equity securities is classified as at fair value through profit or loss ("FVPL") unless the investment is not held for trading purposes and on initial recognition of the investment our Group makes an irrevocable election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument

basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income.

Critical Judgments and Estimates

Research and Development Costs

We capitalize and defer development expenses incurred on our pipeline products only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. We record development expenses which do not meet these criteria when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalization. All development expenses were expensed when incurred during the Track Record Period.

Fair Value of Other Financial Assets and Derivative Financial Assets

We acquired certain unlisted equity investments and warrants during the Track Record Period. We classified these financial instruments as other financial assets and derivative financial assets respectively in which no quoted prices in an active market exist. The fair value of these financial instruments is established by using valuation techniques, including latest financing, binomial tree and Monte Carlo models. Valuation techniques are certified by independent business valuers before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuers make the maximum use of market inputs. However, it should be noted that some inputs, such as possibilities under certain events, require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the unlisted equity investments and derivative financial assets at FVPL.

In relation to the valuation of level 3 financial instruments, our Directors adopted the following procedures: (i) engaged independent business valuers, provided necessary financial and non-financial information so as to enable the valuers to perform valuation procedures and discussed with the valuers on relevant assumptions; (ii) carefully considered all information especially those non-market related information input, which require management assessments and estimates; and (iii) reviewed the valuation working papers and results prepared by the valuers. Based on the above procedures, our Directors are of the view that the value of financial assets is fair and reasonable, and the financial statements of our Group are properly prepared.

Details of the fair value measurement of Level 3 financial instruments, particularly the fair value hierarchy, the valuation techniques and key inputs, including the significant unobservable inputs, the sensitivity analysis and the reconciliation of the Level 3 fair value measurements are disclosed in

Note 27(e) to the Accountants' Report issued in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants as set out in Appendix I to this prospectus.

In relation to the valuation analysis performed by the valuers on derivative financial assets, the Joint Sponsors have conducted relevant due diligence work, including but not limited to, (i) review of relevant notes in the Accountants' Report as contained in Appendix I and relevant documents provided by the valuers; and (ii) discussed with the Company, the reporting accountants and the valuers about the key basis and assumptions for the valuation of derivative financial assets. Having considered the work done by the Company and reporting accountants and the relevant due diligence work conducted, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation analysis performed by the valuers on the derivative financial assets, and that appropriate steps have been taken in carrying out the level 3 fair value estimation for the derivative financial assets.

Determining the Lease Term

We recognize lease liability initially at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by us, we evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the group to exercise the option, including favorable terms, leasehold improvements undertaken and the importance of that underlying asset to the group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within our control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognized in future years.

DISCUSSION OF CERTAIN ITEMS IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	For the year ended December 31,		For the six months ended June 30,	
	2019	2020	2020	2021
	(RMB in thousands)		(Unaudited)	
Revenue	–	–	–	–
Cost of sales	–	–	–	–
Gross profit	–	–	–	–
Research and development costs	(61,881)	(135,378)	(40,543)	(160,072)
Selling and marketing expenses	–	(2,693)	(861)	(14,657)
Administrative expenses	(10,662)	(26,884)	(8,180)	(52,471)
Other net income	3,273	9,777	821	15,758
Fair value changes in financial instruments	–	(3,250)	–	(5,196)
Other operating costs	–	–	–	(14,774)
Loss from operations	**(69,270)**	**(158,428)**	**(48,763)**	**(231,412)**
Finance costs	(531)	(49,187)	(203)	(705)
Share of losses of equity-accounted investees	–	(1,675)	–	(10,443)
Loss before taxation	**(69,801)**	**(209,290)**	**(48,966)**	**(242,560)**
Income tax	–	–	–	–
Loss for the year/period	**(69,801)**	**(209,290)**	**(48,966)**	**(242,560)**
Attributable to:				
Equity shareholders of the Company	(69,801)	(208,874)	(48,966)	(241,965)
Non-controlling interests	–	(416)	–	(595)
Loss for the year/period	**(69,801)**	**(209,290)**	**(48,966)**	**(242,560)**
Other comprehensive income for the year/period, net of nil tax				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of foreign subsidiaries, net of nil tax	–	(5,256)	–	(1,428)
Other comprehensive income for the year/period	**–**	**(5,256)**	**–**	**(1,428)**
Total comprehensive income for the year/period	**(69,801)**	**(214,546)**	**(48,966)**	**(243,988)**
Attributable to:				
Equity shareholders of the Company	(69,801)	(214,130)	(48,966)	(243,393)
Non-controlling interests	–	(416)	–	(595)
Total comprehensive income for the year/period	**(69,801)**	**(214,546)**	**(48,966)**	**(243,988)**

Revenue/Cost of Sales

During the Track Record Period, we did not generate any revenue or incur any cost of sales because our products were still under development.

Research and Development Costs

Our research and development costs primarily consist of (i) staff costs for research and development employees, including salaries, bonus, welfare and share-based payments for these employees; (ii) cost of materials and consumables; (iii) contracting costs, including service fees in relation to intellectual property application and other development activities; and (iv) clinical trial expenses. The following table sets forth the components of our research and development costs for the periods indicated:

	For the year ended December 31,				For the six months ended June 30,			
	2019		2020		2020		2021	
	(RMB in thousands, except for percentages)				(Unaudited)			
Staff costs	32,793	53.0%	61,136	45.2%	21,152	52.2%	86,267	53.9%
Cost of materials and consumables	19,202	31.0%	44,333	32.7%	12,069	29.8%	52,749	33.0%
Contracting costs	6,391	10.3%	10,742	7.9%	5,149	12.7%	10,356	6.5%
Clinical trial expenses	298	0.5%	13,301	9.8%	543	1.3%	4,759	3.0%
Others[1]	3,197	5.2%	5,866	4.4%	1,630	4.0%	5,941	3.6%
Total	**61,881**	**100.0%**	**135,378**	**100.0%**	**40,543**	**100.0%**	**160,072**	**100.0%**

Note:

(1) Including depreciation and amortization and others.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) staff costs for sales and marketing employees; (ii) travel expenses; and (iii) consulting fees.

Administrative Expenses

Our administrative expenses primarily consist of (i) staff costs, including salaries, bonus and welfare and share-based payments, for administrative employees; (ii) consulting and service fee; and (iii) office rental expenses. The following table sets forth the components of our administrative expenses for the periods indicated:

	For the year ended December 31,				For the six months ended June 30,			
	2019		2020		2020		2021	
	(RMB in thousands, except for percentages)				(Unaudited)			
Staff costs	6,935	65.0%	13,399	49.8%	6,774	82.8%	21,997	42.0%
Consulting and service fees	1,138	10.7%	8,714	32.4%	78	1.0%	23,147	44.1%
Office rental expenses	1,444	13.5%	2,160	8.0%	983	12.0%	2,596	4.9%
Office and utility expenses	652	6.1%	787	2.9%	205	2.5%	1,988	3.8%
Others[1]	493	4.7%	1,824	6.9%	140	1.7%	2,743	5.2%
Total	**10,662**	**100.0%**	**26,884**	**100.0%**	**8,180**	**100.0%**	**52,471**	**100.0%**

Note:

(1) Including travel expenses, entertainment expenses, depreciation and amortization.

Other Net Income

Our other net income primarily consists of (i) interest income on financial assets measured at amortized cost; (ii) net foreign exchange gain/(loss); and (iii) government grants, primarily including government subsidies to support our research and development activities on surgical robots and government funds for intellectual property development and protection.

Fair Value Changes in Financial Instruments

During the Track Record Period, our fair value changes in financial instruments consisted of changes in the fair value of warrants issued to us by Robocath as part of our investment in Robocath and the fair value changes arising from other financial assets, including preferred shares of NDR and Biobot.

Finance Costs

Our finance costs primarily consist of interest expenses on financial instruments with preferred rights of RMB48.6 million in 2020, which primarily relates to our redemption obligations under the equity investment from certain independent investors.

Under our Series A Investment and Series B Investment, we granted certain preferred rights to investors upon their subscription to the paid-in capital. The preferred rights include redemption rights, anti-dilution rights and liquidation preferences. See Note 24 to the Accountants' Report set out in Appendix I to this prospectus for more information. The movements of financial liabilities attributable to financial instruments with preferred rights during the Track Record Period were as follows:

	Financial instruments with preferred rights
	RMB'000
Balance at January 1, 2019, December 31, 2019 and January 1, 2020	–
Recognition of financial instruments with preferred rights	3,508,520
Interest charges	48,628
Termination of financial instruments with preferred rights	(3,557,148)
Balances at December 31, 2020 and June 30, 2021	–

Share of Losses of Equity-Accounted Investees

Our share of losses of equity-accounted investees primarily represents losses from investment in Robocath, as Robocath was in the early stage of commercializing *R-One* in Europe and recorded a loss during the Track Record Period.

During the Track Record Period, we had two major associates, namely Robocath and Shanghai Targbot, and one joint venture, namely Shanghai Cathbot, which are all unlisted corporate entities. We adopted equity method when accounting the associates and the joint venture in the consolidated financial statements during the Track Record Period.

In 2020, we invested in the equity shares of Robocath and were granted two tranches of warrants by Robocath. The warrants were considered as embedded derivative components of the investment,

which are separated from investment contract with Robocath and measured at fair value through profit or loss. In December 2020, we exercised one tranche of warrants and purchased additional shares of Robocath. We have not exercised the other tranche of warrants as of the Latest Practicable Date. The board of Robocath is composed of eight directors, including one director from us and one director from MicroPort. Pursuant to our arrangement with Robocath, most of Robocath's board decisions shall be made by the majority of the board, including approval from one director from us or MicroPort. Therefore, Robocath is classified as an associate equity-accounted investee, due to our significant influence over Robocath. In 2020 and six months ended June 30, 2021, we recorded share of losses of Robocath of RMB1.7 million and RMB3.9 million, respectively.

In March 2021, we jointly established Shanghai Targbot with NDR. We hold 41.0% equity interest of Shanghai Targbot. Pursuant to the Articles of Association of Shanghai Targbot, certain key matters, such as the increase or decrease of share capital, any merger or division and any amendment of the Articles of Association, shall become effective after being approved by over 2/3 shareholders of Shanghai Targbot. We therefore have significant influence over Shanghai Targbot, which is classified as an associate equity-accounted investee of us. For the six months ended June 30, 2021, we recorded share of losses of Shanghai Targbot of RMB0.8 million. See Note 14 to the Accountants' Report set out in Appendix I to this prospectus for more information.

In May 2021, we jointly established Shanghai Cathbot with Robocath. We hold 51% equity interest of Shanghai Cathbot. The board of Shanghai Cathbot is composed of four directors, including two directors from us and two directors from Robocath. As approvals from both sides are required for resolutions in relation to operating activities of Shanghai Cathbot, we account for the entity as our joint venture under the equity method. In the six months ended June 30, 2021, we recorded share of losses of Shanghai Cathbot of RMB5.8 million.

Income Tax Expenses

We did not incur any income tax expenses during the Track Record Period.

RESULTS OF OPERATIONS

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

Revenue/Cost of Sales

We did not have any revenue or incur any cost of sales for the six months ended June 30, 2020 and 2021.

Research and Development Costs

Our research and development costs increased significantly from RMB40.5 million for the six months ended June 30, 2020 to RMB160.1 million for the six months ended June 30, 2021. The increase was primarily due to (i) an increase in the number of research and development employees; and (ii) an increase in costs of materials and consumables, as a result of the advancement of registrational clinical trials for *Toumai* and *Honghu* and the progression of the development of our other pipeline products.

Selling and Marketing Expenses

Our selling and marketing expenses increased substantially from RMB0.9 million for the six months ended June 30, 2020 to RMB14.7 million for the six months ended June 30, 2021. The increase was primarily attributable to the expansion of our marketing team since the second half of 2020. We also incurred marketing expenses, which primarily consisted of expenses for academic conferences and training of surgeons.

Administrative Expenses

Our administrative expenses increased significantly from RMB8.2 million for the six months ended June 30, 2020 to RMB52.5 million for the six months ended June 30, 2021. The increase was primarily attributable to (i) an increase in consulting and service fees, which primarily related to (i) an increase in recruitment service fee with professional recruiters and dispatched labor agencies of RMB8.1 million for hiring more managers and administrative staff in line with our business expansion; and (ii) an increase in consulting fees in relation to corporate human resource management services of RMB6.5 million and other professional service fee of RMB4.9 million; and (iii) an increase in other expenses, which primarily related to an increase in depreciation and amortization of right-of-use assets.

Other Net Income

Our other net income increased substantially from RMB0.8 million for the six months ended June 30, 2020 to RMB15.8 million for the six months ended June 30, 2021. Such increase was primarily attributable to (i) an increase in interest income on bank deposits as we received capital contribution from our Pre-IPO Investments of RMB1.5 billion in 2020; and (ii) an increase of net foreign exchange gain primarily as a result of fluctuation between the Renminbi and euros. We settled an equity investment payment in Euros in the six months ended June 30, 2021.

Fair Value Changes in Financial Instruments

We recorded fair value changes in financial instruments of RMB5.2 million for the six months ended June 30, 2021, as compared to nil for the six months ended June 30, 2020. The fair value changes in financial instruments for the six months ended June 30, 2021 was primarily due to (i) the corresponding financial instruments arising from warrants issued to us by Robocath; and (ii) the fair value changes arising from other financial assets, including preferred shares of NDR and Biobot.

Finance Costs

Our finance costs increased slightly from RMB0.2 million for the six months ended June 30, 2020 to RMB0.7 million for the six months ended June 30, 2021.

Share of Losses of Equity-Accounted Investees

We recorded share of losses of equity-accounted investees of nil and RMB10.4 million for the six months ended June 30, 2020 and 2021, respectively. The loss of equity-accounted investees for the six months ended June 30, 2021 was primarily due to (i) our investment loss in Shanghai Cathbot of RMB5.8 million; and (ii) our investment loss in Robocath of RMB3.9 million.

Other Operating Costs

We recorded other operating costs of RMB14.8 million for the six months ended June 30, 2021. Other operating costs primarily consist of listing expenses.

Loss for the Period

As a result of the above, we recorded a loss of RMB49.0 million in the six months ended June 30, 2020, which widened to a loss of RMB242.6 million in the six months ended June 30, 2021.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue/Cost of Sales

We did not have any revenue or incur any cost of sales in 2019 or 2020.

Research and Development Costs

Our research and development costs increased significantly from RMB61.9 million in 2019 to RMB135.4 million in 2020. The increase was primarily attributable to (i) an increase in staff costs as our research and development employees increased from 2019 to 2020; (ii) the increase in costs of materials and consumables from the advancement of registrational clinical trials for *Toumai* and *Honghu;* and (iii) an increase in clinical trial expenses due to the progression of clinical trials for *Toumai* and *Honghu*.

Selling and Marketing Expenses

Our selling and marketing expenses increased from nil in 2019 to RMB2.7 million in 2020, primarily attributable to the expansion of our marketing team since the second half of 2020. We also incurred marketing expenses in 2020. The marketing expenses are primarily in relation to expenses for academic conferences and training of surgeons.

Administrative Expenses

Our administrative expenses increased from RMB10.7 million in 2019 to RMB26.9 million in 2020. The increase was primarily attributable to (i) an increase in our staff costs for our administrative employees and office rental expenses as a result of our business expansion; and (ii) an increase in our professional consulting fees and recruitment service fee.

Other Net Income

Our other net income increased significantly from RMB3.3 million in 2019 to RMB9.8 million in 2020. The increase was primarily attributable to an increase in interest income on bank deposits as we received capital contribution from our Pre-IPO Investments of RMB1.5 billion in 2020.

Fair Value Changes in Financial Instruments

Our fair value changes in financial instruments increased from nil in 2019 to RMB3.3 million in 2020, primarily due to the fair value change of warrants issued to us by Robocath in 2020 as part of our investment in Robocath.

Finance Costs

Our finance costs increased significantly from RMB0.5 million in 2019 to RMB49.2 million in 2020, primarily because we recorded interest expenses of RMB48.6 million on financial instruments with preferred rights arising from the redemption liabilities in 2020. See Note 24 to the Accountants' Report set out in Appendix I in this prospectus.

Share of Losses of Equity-Accounted Investees

We recorded share of losses of equity-accounted investees of RMB1.7 million in 2020, as compared to nil in 2019. The share of losses of equity-accounted investees was attributable to our investment in Robocath in 2020.

Loss for the Year

As a result of the above, we recorded a loss of RMB69.8 million in 2019, which widened to a loss of RMB209.3 million in 2020.

DISCUSSION OF CERTAIN KEY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

The following table sets forth selected items from our consolidated statements of financial position as of the dates indicated, which have been extracted from the Accountants' Report set out in Appendix I to this prospectus:

	As of December 31,		As of June 30,
	2019	2020	2021
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	14,443	38,710	87,844
Intangible assets	337	565	873
Prepayments	456	1,260	2,454
Goodwill	–	1,482	1,482
Equity-accounted investees	–	85,430	123,970
Derivative financial assets	–	12,676	–
Other financial assets	–	38,366	85,392
Other non-current assets	6,872	10,815	57,476
Total non-current assets	**22,108**	**189,304**	**359,491**
Current assets			
Inventories	–	–	56,260
Derivative financial assets	–	–	9,562
Other receivables	1,334	16,742	37,867
Pledged deposits	285	982	3,397
Cash and cash equivalents	54,708	1,497,326	986,154
Total current assets	**56,327**	**1,515,050**	**1,093,240**
Current liabilities			
Trade and other payables	35,728	221,620	121,175
Lease liabilities	5,571	7,288	14,002
Total current liabilities	**41,299**	**228,908**	**135,177**
Net current assets	**15,028**	**1,286,142**	**958,063**
Total assets less current liabilities	**37,136**	**1,475,446**	**1,317,554**
Non-current liabilities			
Lease liabilities	6,347	11,593	32,838
Deferred income	4,378	22,401	22,401
Total non-current liabilities	**10,725**	**33,994**	**55,239**
Net assets	**26,411**	**1,441,452**	**1,262,315**
Capital and reserves			
Paid-in capital	35,077	–	–
Share capital	–	900,000	916,964
Reserves	(8,666)	542,856	347,350
Total equity attributable to equity shareholders of the Company	**26,411**	**1,442,856**	**1,264,314**
Non-controlling interests	–	(1,404)	(1,999)
Total equity	26,411	1,441,452	1,262,315

Inventories

Our inventories consist of raw materials, work in progress and low value consumables. We recorded inventories of RMB56.3 million as of June 30, 2021. As of August 31, 2021, RMB11.3 million of our inventories, representing 20.1% of our inventories as of June 30, 2021, had been utilized.

As of December 31, 2019 and 2020, our expenses for raw materials, work in progress and low value consumables were classified under research and development expenses, as these expenses were mainly related to the research and development of surgical robot and related accessories. Due to the progress of our research and development, it has become probable for us to commence mass production. As a result, certain raw materials, work in progress and low value consumables were classified under inventories as of June 30, 2021, as these were associated with the production of surgical robots and related accessories. As we have not initiated mass production yet, the utilization rate of inventories could be relatively slow. The utilization rate is expected to improve along with the our product commercialization and commercial production.

In addition, we are of the view that our inventories are mostly moving items that are suitable for sale. We also regularly monitor inventory level for slow moving and obsolete items. As of June 30, 2021, our inventories were aged less than three months. As such, we believe that there is no recoverability issue for our inventories.

Other Receivables

Our other receivables primarily consist of (i) receivables from related parties; and (ii) prepayments. The following table sets forth the components of our current other receivables as of the dates indicated.

	As of December 31,		As of June 30,
	2019	2020	2021
	(RMB in thousands)		
Receivables from related parties	–	11,155	21,951
Prepayments	1,318	5,587	15,827
Others	16	–	89
Total	**1,334**	**16,742**	**37,867**

Our other receivables increased significantly from RMB1.3 million as of December 31, 2019 to RMB16.7 million as of December 31, 2020, and further to RMB37.9 million as of June 30, 2021, primarily due to increases in receivables from related parties. The receivables from related parties primarily represent (i) advanced payment made by us on behalf of Shanghai Cathbot, our joint venture with Robocath, for its preparation and incorporation. As of December 31, 2020 and June 30, 2021, we had advanced payment made by us on behalf of Shanghai Cathbot of RMB4.0 million and RMB11.3 million, respectively. We made the advanced payment on behalf of Shanghai Cathbot before it received shareholders' capital injection, aiming to advance the development, manufacture and commercialization of Robocath products in Greater China; and (ii) certain of our government grants of RMB7.1 million that were collected by Suzhou MicroPort OrthoRecon Co., Ltd. ("Suzhou OrthoRecon"), a fellow subsidiary of the Group and an orthopedic device company, on behalf of us. Suzhou OrthoRecon and our subsidiary, Orthobot Suzhou, jointly received government grants for developing high-tech medical devices from Suzhou government, which wired the full amount of such

grants to the bank account of Suzhou OrthoRecon. See "History, Reorganization and Corporate Structure—Major Shareholding Changes of Our Company—Other shareholding changes."

Our other receivables from related parties are non-trade in nature. We settled other receivables from related parties in August 2021.

As of August 31, 2021, RMB19.4 million of our other receivables, representing 51.2% of our other receivables as of June 30, 2021, had been settled.

Cash and Cash Equivalents

Our cash and cash equivalents increased significantly from RMB54.7 million as of December 31, 2019 to RMB1,497.3 million as of December 31, 2020, primarily because we received capital contribution from our Pre-IPO Investments of RMB1.5 billion in 2020. Our cash and cash equivalents decreased from RMB1,497.3 million as of December 31, 2020 to RMB986.2 million as of June 30, 2021, primarily because (i) we used some cash in research and development activities; and (ii) we made payments for investments in equity-accounted investees and other financial assets in the first half of 2021.

Trade and Other Payables

Our trade and other payables primarily consist of (i) trade payables due to third-party suppliers and related parties; (ii) amounts due to fellow subsidiaries of the Group and MicroPort, our Controlling Shareholder; (iii) accrued payroll; and (iv) other payables and accrued charges. The following table sets forth the components of our trade and other payables as of the dates indicated:

	As of December 31,		As of June 30,
	2019	2020	2021
	(RMB in thousands)		
Trade payables due to			
— third-party suppliers	4,716	19,984	43,502
— related parties	7,416	8,361	9,110
Subtotal	12,132	28,345	52,612
Amounts due to fellow subsidiaries and our Controlling Shareholder	16,490	16,044	8,707
Other payables and accrued charges	1,535	11,703	37,587
Accrued payroll	5,045	13,924	21,913
Loans and interests due to related parties	526	356	356
Amounts due to related party for acquisition of equity-accounted investee	–	108,857	–
Amounts due to related party for acquisition of other financial assets	–	38,366	–
Amounts due to Robocath	–	4,025	–
Total	**35,728**	**221,620**	**121,175**

Our trade and other payables increased significantly from RMB35.7 million as of December 31, 2019 to RMB221.6 million as of December 31, 2020, primarily due to (i) an increase in amounts due to related party for acquisition of equity-accounted investee, as a related party advanced payments for us in relation to our equity investments in Robocath in 2020; and (ii) an increase in amounts due to

related party for acquisition of other financial assets, as a related party advanced payment for us in relation to our acquisition of preference shares in NDR.

Our trade and other payables decreased from RMB221.6 million as of December 31, 2020 to RMB121.2 million as of June 30, 2021, primarily because we settled both advanced payments for our investments in Robocath and NDR with the respective related parties in the first half of 2021.

Our amounts due to fellow subsidiaries and our Controlling Shareholder, loans and interests due to related parties, amounts due to related party for acquisition of equity accounted investee and amounts due to related party for acquisition of other financial assets are non-trade in nature. We will settle these payables due to related parties prior to listing. Our amounts due to Robocath are non-trade in nature. We settled amounts due to Robocath in June 2021.

The following table sets forth an aging analysis of our trade payables presented based on the invoice dates as of the dates indicated:

	As of December 31,		As of June 30,
	2019	2020	2021
	(RMB in thousands)		
Within one month	12,132	27,683	51,894
Over one month but within three months	–	410	313
Over three months but within six months	–	103	302
Over six months but within one year	–	149	103
Total	**12,132**	**28,345**	**52,612**

As of August 31, 2021, RMB65.0 million, representing 53.8% of our trade and other payables as of June 30, 2021, had been settled.

Other Financial Assets

Our other financial assets primarily include financial assets measured at FVPL, which primarily relate to unlisted equity securities outside the PRC. In 2020, we subscribed and purchased preferred shares of NDR, which were classified as financial assets measured at FVPL. In April 2021, we purchased preferred shares of Biobot, which were also classified as financial assets measured at FVPL. Our other financial assets increased from RMB38.4 million as of December 31, 2020 to RMB85.4 million as of June 30, 2021, primarily due to the purchase of preferred shares of Biobot in 2021. See Note 15 to the Accountants' Report set out in Appendix I to this prospectus for more information.

LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth the components of our current assets and liabilities as of the dates indicated:

	As of December 31,		As of June 30,	As of August 31,
	2019	2020	2021	
	(RMB in thousands)			
				(unaudited)
Current Asset				
Inventories	–	–	56,260	78,698
Derivative financial assets	–	–	9,562	9,562
Other receivables	1,334	16,742	37,867	28,115
Pledged deposits	285	982	3,397	6,482
Cash and cash equivalents	54,708	1,497,326	986,154	845,827
Total current assets	**56,327**	**1,515,050**	**1,093,240**	**968,684**
Current liabilities				
Trade and other payables	35,728	221,620	121,175	120,889
Lease liabilities	5,571	7,288	14,002	14,440
Total current liabilities	**41,299**	**228,908**	**135,177**	**135,329**
Net current assets	**15,028**	**1,286,142**	**958,063**	**833,355**

Working Capital

Our primary uses of cash relate to the research and development of our product candidates and our payment for the purchase of fixed assets and our equity investments. During the Track Record Period, we primarily funded our working capital requirement through equity financing. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As our business develops and expands, we expect to generate cash from operating activities upon the successful commercialization of our products. As of June 30, 2021, we had cash and cash equivalents of RMB986.2 million.

The Directors are of the opinion that, taking into account the financial resources available to our Group, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, selling and marketing expenses and administrative expenses, for at least the next 12 months from the date of this prospectus.

Our cash burn rate refers to our average monthly (i) net cash used in operating activities; (ii) capital expenditures; (iii) lease payments; and (iv) payments for the investments in equity-accounted investees and other financial assets. Assuming that the average cash burn rate going forward of approximately ten times the level in 2020, we estimate that our cash and cash equivalents as of June 30, 2021, will be able to maintain our financial viability for approximately ten months or, if we also take into account the estimated net proceeds (based on the low-end of the indicative Offer Price) from the Listing, for at least five years. We will continue to closely monitor working capital and, if necessary, expect to proceed with the next round of financing with a minimum buffer of 12 months.

Cash Flows

The following table sets forth the components of our cash flows for the periods indicated:

	For the year ended December 31,		For the six months ended June 30,
	2019	2020	2021
	(RMB in thousands)		
Cash flows used in operating activities before movement in working capital	(64,208)	(134,990)	(183,793)
Changes in working capital	15,512	31,948	(53,187)
Net cash used in operating activities	(48,696)	(103,042)	(236,980)
Net cash generated from/(used in) investing activities	26,723	(15,008)	(264,133)
Net cash generated from/(used in) financing activities	71,284	1,560,668	(10,059)
Net increase/(decrease) in cash and cash equivalents	49,311	1,442,618	(511,172)
Cash and cash equivalent at the beginning of the year/period	5,397	54,708	1,497,326
Cash and cash equivalents at the end of the year/period	**54,708**	**1,497,326**	**986,154**

Operating Activities

Since our inception, we have incurred negative cash flows from our operations. Substantially all of our operating cash outflows resulted from research and development costs.

For the six months ended June 30, 2021, our net cash used in operating activities was RMB237.0 million, primarily reflecting loss before tax of RMB242.6 million, as adjusted for (i) equity-settled share-based payment of RMB36.2 million; (ii) share of losses of equity-accounted investees of RMB10.4 million; and (iii) amortization and depreciation of RMB6.3 million. The amount was further adjusted for the negative effect in working capital. The negative effect of changes in working capital primarily represents an increase in trade and other payables of RMB37.9 million, partially offset by (i) an increase in other receivables of RMB23.5 million; (ii) an increase in inventories of RMB56.3 million; and (iii) an increase in other non-current assets of RMB11.3 million.

For the year ended December 31, 2020, our net cash used in operating activities was RMB103.0 million, which was primarily attributable to our net loss before tax of RMB209.3 million, adjusted for (i) finance costs of RMB49.1 million; (ii) equity-settled share-based payment of RMB15.8 million; (iii) amortization and depreciation of RMB4.5 million; (iv) fair value changes in financial instruments at fair value through profit or loss of RMB3.3 million; and (v) share of losses of equity-accounted investee of RMB1.7 million. This amount was further adjusted for the positive effect in working capital. The positive effect of changes in working capital primarily represents (i) an increase in trade and other payables of RMB34.0 million; and (ii) an increase in deferred income of RMB18.0 million, partially offset by an increase in other receivables of RMB16.1 million.

For the year ended December 31, 2019, our net cash used in operating activities was RMB48.7 million, which was primarily attributable to our net loss before tax of RMB69.8 million, adjusted for (i) amortization and depreciation of RMB3.1 million; (ii) equity-settled share-based payment of RMB3.0 million; and (iii) interest income of RMB1.0 million. This amount was further adjusted for the positive effect in working capital. The positive effect of changes in working capital

primarily represents (i) an increase in trade and other payables of RMB16.9 million; and (ii) an increase in deferred income of RMB2.5 million, partially offset by an increase in other non-current assets of RMB2.9 million.

In view of our net operating cash outflow during the Track Record Period, we plan to improve our operating cash flow position by (i) advancing our product pipeline towards commercialization to generate revenue from product sales. In particular, we plan to rapidly advance our *Toumai and Honghu* towards commercialization. We also plan to kickstart the commercialization of *DFVision* by promoting its awareness among target hospitals and surgeons to prepare for the formal commercial launch in 2022; and (ii) improving our working capital management efficiency. In particular, we plan to maintain an optimal level of inventories and adopt measures to control costs and operating expenses to improve our cost efficiency.

Investing Activities

For the six months ended June 30, 2021, our net cash used in investing activities was RMB264.1 million, primarily attributable to (i) payment for investments in Robocath, Targbot and Cathbot of RMB156.5 million; and (ii) payment for the investments in NDR and Biobot of RMB86.8 million.

For the year ended December 31, 2020, our net cash used in investing activities was RMB15.0 million, primarily attributable to payments for purchase of property, plant and equipment of RMB14.6 million.

For the year ended December 31, 2019, our net cash generated from investing activities was RMB26.7 million, primarily attributable to loans repaid by a related party of RMB42.4 million, partially offset by (i) payments for purchase of property, plant and equipment of RMB3.7 million in relation to purchase of machinery, equipment, office equipment, furniture and fixtures; and (ii) loans to a related party of RMB12.4 million .

Financing Activities

For the six months ended June 30, 2021, we had RMB10.1 million of net cash flows used in financing activities, primarily attributable to RMB35.4 of lease deposits paid, partially offset by the capital contributions by investors of RMB28.7 million.

For the year ended December 31, 2020, we had RMB1,560.7 million of net cash flows generated from financing activities, primarily attributable to RMB1,508.5 million of capital contribution from investors, partially offset by the RMB4.4 million of capital elements of lease payments.

For the year ended December 31, 2019, we had RMB71.3 million of net cash flows generated from financing activities, primarily attributable to capital contribution from investors of RMB80.5 million, partially offset by the RMB10.0 million of repayments of loans due to related parties.

Cash Operating Costs

The following table provides information regarding our cash operating costs for the periods indicated:

	For the year ended December 31,		For the six months ended June 30,	
	2019	2020	2020	2021
	(RMB in thousands)			
R&D Costs				
R&D Costs for Core Product				
Clinical trial expenses	609	9,024	313	2,297
Staff costs	14,790	30,786	17,290	32,132
Contracting costs	2,035	8,748	5,699	9,762
Cost of materials and consumables	8,475	25,615	3,851	37,334
Others	861	1,833	308	851
Subtotal	**26,770**	**76,006**	**27,461**	**82,376**
R&D Costs for Other Product Candidates				
Clinical trial expenses	204	4,635	229	2,846
Staff costs	9,860	14,919	5,460	26,655
Contracting costs	1,585	1,916	594	8,889
Cost of materials and consumables	5,822	11,937	3,731	18,807
Others	527	1,788	312	2,036
Subtotal	**17,998**	**35,195**	**10,326**	**59,233**
Workforce employment[(1)]	5,019	8,472	3,268	17,072
Product marketing	–	–	–	–
Direct production cost	–	–	–	–
Non-income taxes, royalties and other governmental charges[(2)]	–	234	21	212
Contingency allowances	–	–	–	–
Any other significant costs[(3)]	3,613	5,788	2,306	74,177

Notes:

(1) Represents total staff costs mainly including salaries, bonus and share-based payments.

(2) Represent the stamp duties paid.

(3) Represent purchase of raw materials for production and other consulting and service expenses.

INDEBTEDNESS

Lease Liabilities

As of December 31, 2019 and 2020, June 30, 2021 and August 31, 2021, we recorded lease liabilities of RMB11.9 million, RMB18.9 million, RMB46.8 million and RMB46.0 million, respectively, which primarily related to our leased office premises.

As of December 31, 2019 and 2020, June 30, 2021 and August 31, 2021, except for the lease liabilities disclosed above, we did not have any outstanding mortgages, charges, debentures, other issued debt, capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, any guarantees or other material contingent liabilities. Since August 31, 2021, the latest practicable date for the purpose of this indebtedness statement, and up to the date of this prospectus, there has been no material adverse change to our indebtedness.

CAPITAL EXPENDITURE

Our capital expenditure during the Track Record Period represented the payments of intangible assets, property, plant and equipment and our investments. For the years ended December 31, 2019 and 2020 and six months ended June 30, 2021, our capital expenditure amounted to RMB3.7 million, RMB15.0 million and RMB264.1 million, respectively. We expect that our capital expenditure to increase in 2021, which will primarily consist of purchase of property, plant and equipment and our investments. We may reallocate the funds to be utilized on capital expenditures based on our ongoing business needs.

CAPITAL COMMITMENTS

As of December 31, 2019 and 2020 and June 30, 2021, the outstanding capital commitments in relation to investments, property, plant and equipment were RMB0.4 million, RMB120.2 million and RMB20.2 million, respectively. The increase in capital commitments as of December 31, 2020 was primarily due to our investments in joint venture and equity securities. The decrease in capital commitments as of June 30, 2021 was primarily because we made payments for our investments in joint venture and equity securities in the first half of 2021.

CONTINGENT LIABILITIES

As of December 31, 2019 and 2020 and June 30, 2021, we did not have any contingent liabilities. We confirm that, as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

MARKET AND OTHER FINANCIAL RISKS

We are exposed to a variety of market and other financial risks, including credit risk, liquidity risk, interest rate risk and currency risk. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. See Note 27 to the Accountants' Report set out in Appendix I to this prospectus for more information. The discussion below provides a summary of our market and other financial risks.

Currency Risk

Our Group is exposed to currency risk primarily from purchases which give rise to payables that are denominated in a foreign currency. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. For further details, see Note 27(d) to the Accountants' Report set out in Appendix I to this prospectus.

Credit Risk

Our credit risk is primarily attributable to other receivables. Our Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are state-owned banks or

reputable commercial banks for which we consider to have low credit risk. Our Group's management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Our management has assessed that during the Track Record Period, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by our management. Our management expects the occurrence of losses from non-performance by the counterparties of other receivables was remote and the loss allowance provision for other receivables was immaterial. For further details, see Note 27(a) to the Accountants' Report set out in Appendix I to this prospectus.

Liquidity Risk

In the management of the liquidity risk, we monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. For further details, see Note 27(b) to the Accountants' Report set out in Appendix I to this prospectus.

Interest Rate Risk

Our Group is exposed to interest rate risk primarily from cash at banks, deposits with banks, and loans from/to related parties. We are also exposed to cash flow interest rate risk in relation to the change of market interest rate. No sensitivity analysis is presented since our Directors consider that we are exposed to interest rate risk at a limited level. For details, see Note 27(c) to the Accountants' Report set out in Appendix I in this prospectus.

KEY FINANCIAL RATIOS

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

	As of December 31,		As of June 30,
	2019	2020	2021
Current ratio[(1)]	1.4	6.6	8.1
Quick ratio[(2)]	1.4	6.6	7.7

Notes:

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

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

Our current ratio increased from 1.4 as of December 31, 2019 to 6.6 as of December 31, 2020. The increase was primarily due to the increase in cash and cash equivalents as we received capital contribution from our Pre-IPO Investments of RMB1.5 billion in 2020. Our current ratio further increased to 8.1 as of June 30, 2021. The increase was primarily due to the decrease in trade and other payables, as we settled advanced payments with related parties in the first half of 2021.

Our quick ratio increased from 1.4 as of December 31, 2019 to 6.6 as of December 31, 2020. The increase was primarily due to the increase in cash and cash equivalents as we received capital contribution from our Pre-IPO Investments of RMB1.5 billion in 2020. Our quick ratio further increased to 7.7 as of June 30, 2021. The increase was primarily due to the decrease in trade and other payables, as we settled advanced payments with related parties in the first half of 2021.

TRANSACTIONS WITH RELATED PARTIES

During the Track Record Period, we had financing arrangements and other transactions with related parties.

Financing Arrangements

We borrowed a short-term loan of RMB10.0 million from a related party in 2018, with an interest rate at approximately 4.35% per annum. Such loan was repaid in February 2019.

We provided loans to related parties of RMB12.4 million and RMB70.4 million in 2019 and 2020, respectively, which were primarily attributable to our participation of a centralized cash pool management arrangement by Shanghai MicroPort Medical, our fellow subsidiary, before the Spin-off. These loans were settled in 2019 and 2020, respectively.

During the Track Record Period, we entered lease contracts in respect of certain leasehold properties with our related parties for our operation. From the commencement date of these leases, we had recognized right-of-use assets and lease liabilities in amount of RMB4.5 million for the year ended December 31, 2020.

Other Transactions

During the Track Record Period, we had other transactions with related parties, including the following:

	For the year ended December 31,		For the six months ended June 30,
	2019	2020	2021
	(RMB in thousands)		
Purchase of goods from fellow subsidiaries and an equity-accounted investee of the Controlling Shareholder	5,692	2,509	6,380
Purchase of goods from equity-accounted investee	–	4,025	5,859
Service fee charge by a fellow subsidiary	2,771	4,542	2,274
Payment on behalf of the Group by a fellow subsidiary	4,185	2,199	–
Receipt of subsidies by a fellow subsidiary on behalf of the Group	–	7,130	–
Acquisition of equity-accounted investee from a fellow subsidiary	–	108,857	–
Acquisition of other financial assets from our Controlling Shareholder	–	38,366	–

Our Directors are of the view that each of the related party transactions set out in Note 29 to the Accountants' Report in Appendix I to this prospectus was conducted in the ordinary course of business on an arm's-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our historical results or make our historical results not reflective of our future performance.

DIVIDENDS

No dividend was paid or declared by our Company during the Track Record Period. There can be no assurance that we will be able to declare or distribute any dividend. Currently, we do not have a dividend policy.

PRC laws require that dividends be paid only out of distributable profits. Distributable profits are after-tax profits, less any recovery of accumulated losses and mandatory appropriations to statutory and other reserves. As a result, we may not have sufficient distributable profits to make dividend distributions to our Shareholders, even if we become profitable.

DISTRIBUTABLE RESERVES

As of June 30, 2021, we did not have distributable reserves.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB84.3 million (including underwriting commission, assuming an Offer Price of HK$39.60 per Offer Share, being the mid-point of the indicative Offer Price range of HK$36.00 to HK$43.20 per Offer Share, assuming no exercise of the Over-allotment Option), including underwriting commissions and fees of approximately RMB47.8 million, and non-underwriting related expenses of approximately RMB36.5 million, which consist of accounting and legal fees and expenses of approximately RMB26.3 million and other fees and expenses of approximately RMB10.2 million. After June 30, 2021, approximately RMB23.7 million is expected to be charged to our consolidated statements of profit or loss, and approximately RMB45.8 million is expected to be accounted for as a deduction from equity upon the Listing. Our listing expenses as a percentage of gross proceeds is 7.1%, assuming an Offer Price of HK$39.60 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus) and assuming no exercise of the Over-allotment Option. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited *pro forma* statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma financial information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants is set out below to illustrate the effect of the Global Offering (as defined in this prospectus) on the consolidated net tangible assets attributable to equity shareholders of the Company as at June 30, 2021 as if the Global Offering had taken place on June 30, 2021.

The unaudited *pro forma* statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the net tangible assets of the Group attributable to equity shareholders of the Company had the Global Offering been completed as at June 30, 2021 or any future date.

	Consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at June 30, 2021[(1)]	**Estimated net proceeds from the Global Offering[(2)(4)]**	**Unaudited *pro forma* adjusted consolidated net tangible assets attributable to equity shareholders of the Company as at June 30, 2021**	**Unaudited *pro forma* adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share as at June 30, 2021[(3)]**	
	RMB'000	**RMB'000**	**RMB'000**	**RMB**	**HK$[(4)]**
Based on an Offer Price of HK$36.00 per Offer Share	1,261,959	1,020,426	2,282,385	2.4	2.9
Based on an Offer Price of HK$43.20 per Offer Share	1,261,959	1,228,853	2,490,812	2.6	3.1

Notes:

(1) The consolidated net tangible assets attributable to the equity shareholders of the Company as of June 30, 2021 is based on the consolidated net assets attributable to the equity shareholders of the Company of RMB1,264,314,000 as of June 30, 2021 less intangible assets of RMB873,000 and goodwill of RMB1,482,000 as extracted from the Accountants' Report set out in Appendix I to this Prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Prices of HK$36.00 and HK$43.20 per Offer Share, respectively, being the low end price and high end price of the stated Offer Price range, after deduction of the estimated underwriting fees and other related expenses payable by the Company (excluding approximately RMB14,774,000 listing expenses which has been charged to profit or loss up to June 30, 2021) and does not take account of any shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited *pro forma* adjusted consolidated net tangible assets attributable to the equity shareholders of the Company per Share are arrived at after the adjustments referred to in the preceding paragraphs and on the basis that a total of 953,163,831 shares in issue assuming that the Global Offering had been completed on June 30, 2021 but taking no account of any shares which may be issued upon the exercise of the Over-allotment Option.

(4) The estimated net proceeds from the Global Offering and the unaudited *pro forma* adjusted consolidated net tangible assets attributable to the equity shareholders of the Company per Share are converted into Renminbi at a rate of HK$1 = RMB0.83306. No representation is made that the Hong Kong Dollars amounts have been, could have been or may be converted into Renminbi, or *vice versa*, at that rate.

(5) No adjustment has been made to the unaudited *pro forma* statement of adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2021.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since June 30, 2021 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there has been no event since June 30, 2021 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

For details of our future plans, see "Business—Our Strategies."

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$1,332.3 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no exercise of the Over-allotment Option and assuming an Offer Price of HK$39.60 per Offer Share, being the mid-point of the indicative Offer Price range of HK$36.00 to HK$43.20 per Offer Share set forth in this prospectus. We intend to use the net proceeds from the Global Offering for the following purposes:

- Approximately HK$466.3 million (representing 35.0% of the estimated net proceeds) will be used for *Toumai*, our Core Product, as follows:
  - Approximately HK$266.5 million (representing 20.0% of the estimated net proceeds) will be used for ongoing R&D activities of *Toumai,* including:
    - HK$26.6 million (representing 2.0% of the estimated net proceeds) will be used for further refinement, such as minor adjustments in design details, as may be required for *Toumai* toward its registration approval for application in urologic surgery;
    - HK$79.9 million (representing 6.0% of the estimated net proceeds) will be used for application expansion to gynecologic, thoracic and general surgeries, which will involve additional development and modifications to the product and a registrational clinical trial, including the development of compatible surgical instruments to accommodate the application expansion; and
    - HK$159.9 million (representing 12.0% of the estimated net proceeds) will be used for product refinement per clinical feedback and product upgrade toward the next generation of *Toumai*, including refinement to include intelligent functions, such as automatic active adjustment during surgery operation and surgery data collection;
  - Approximately HK$199.8 million (representing 15.0% of the estimated net proceeds) will be used for the commercialization of *Toumai*. Specifically, we plan to expand our sales and marketing team, conduct academic promotion activities, set up training and display centers and provide training to surgeons, and build a dedicated team to provide technical support and after-sale services to hospitals and surgeons;

- Approximately HK$279.8 million (representing 21.0% of the estimated net proceeds) will be used for our orthopedic surgery robots, as follows:
  - Approximately HK$133.2 million (representing 10.0% of the estimated net proceeds) will be used for the ongoing R&D of *Honghu*, our flagship product in orthopedic surgery robots, including:
    - HK$73.3 million (representing 5.5% of the estimated net proceeds) will be used for application expansion to other joint replacement procedures, including THA; and
    - HK$60.0 million (representing 4.5% of the estimated net proceeds) will be used for continuous refinements and upgrades, including the optimization of surgical platform, advancement of orthopedic surgery–related instruments and accessories and refinement to include intelligent functions, such as automatic surgical planning and surgery data collection;
  - Approximately HK$85.3 million (representing 6.4% of the estimated net proceeds) will be used for the commercialization of *Honghu*, including to expand our sales and marketing team, organize academic promotion, provide training to surgeons and build a technical support and after-sale service team for hospitals and surgeons;
  - Approximately HK$61.3 million (representing 4.6% of the estimated net proceeds) will be used for the research and development of other orthopedic surgical robots, including our spine surgical robot;
- Approximately HK$253.1 million (representing 19.0% of the estimated net proceeds) will be used for our other product candidates:
  - Approximately HK$186.5 million (representing 14.0% of the estimated net proceeds) will be used for (i) the development of our other pipeline products in other surgical specialties, including our trans-bronchial surgical robot and TAVR surgical robot and (ii) the development of new robotic technologies and products to replenish our pipeline;
  - Approximately HK$66.6 million (representing 5.0% of the estimated net proceeds) will be used for the development and commercialization of the surgical robots under our collaboration with international partners, including *R-One* with Robocath, *ANT* with NDR and *Mona Lisa* with Biobot;
- Approximately HK$66.6 million (representing 5.0% of the estimated net proceeds) will be used to enhance our manufacturing capacities and supply chain management capabilities, including the establishment of new manufacturing and assembly facilities for commercialization of our pipeline products, including the second laparoscopic surgical robot manufacturing facility and an assembly facility, both in Shanghai;
- Approximately HK$133.2 million (representing 10.0% of the estimated net proceeds) will be used to expand our product portfolio with innovative robotic technologies and products,

through in-licensing from, acquisition of, equity investments in or joint ventures with companies and research institutions in the surgical robot industry and related fields. For example, we may be interested in developers of medical imaging devices with artificial intelligence features and developers of MIS equipment. We prefer medium scale medical device companies with innovative technologies and products close to commercialization. As advised by Frost & Sullivan, as surgical robot industry is growing fast, there are potential acquisition targets available in the market that satisfy our criteria. As of the Latest Practicable Date, we had not identified any investment or acquisition target. We cannot assure you that we will be able to identify suitable opportunities and materialize our acquisition plan. See "Risk Factors—Risks Relating to Our Operations—Our acquisitions or strategic partnerships may not be successful and we may face difficulties in integrating acquired operations, which may have material adverse effect on our business, financial condition and results of operation" for details;

- Approximately HK$133.2 million (representing 10.0% of the estimated net proceeds) will be used for working capital and general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range. If the Offer Price is set at HK$43.20 per Offer Share, being the high end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK$125.1 million. If the Offer Price is set at HK$36.00 per Offer Share, being the low end of the indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK$125.1 million.

If the Over-allotment Option is exercised in full, and net proceeds that we will receive will be approximately HK$1,538.7 million, assuming an Offer Price of HK$39.60 per Offer Share (being the mid-point of the indicative Offer Price range). In the event that the Over-allotment Option is exercised in full, we intend to apply the additional net proceeds to the above purpose in the proportions stated above.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, so long as it is deemed to be in the best interests of the Company, we may hold such funds in short-term deposits with licensed banks or authorized financial institutions. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

J.P. Morgan Securities (Asia Pacific) Limited
China International Capital Corporation Hong Kong Securities Limited
Futu Securities International (Hong Kong) Limited
Livermore Holdings Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering 3,620,000 Hong Kong Offer Shares (subject to adjustment) for subscription by the public in Hong Kong on the terms and subject to the conditions in this prospectus, the **GREEN** Application Form and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering as mentioned in this prospectus (including any H Shares that may be issued under the Over-allotment Option) and such approval not having been withdrawn, and (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including, amongst others, the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company, agreeing upon the Offer Price), the Hong Kong Underwriters have agreed, severally but not jointly to subscribe, or procure subscribers to subscribe for their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions as set out in this prospectus, the **GREEN** Application Form and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, amongst other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If at any time prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

  (i) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan or Singapore (collectively, the "**Relevant Jurisdictions**"); or

  (ii) any change or development involving a prospective change or development in, or any event or circumstance or series of events or circumstances resulting or likely to

result in or representing a change or development, or a prospective change or development, in any local, national, regional or international financial, political, military, industrial, legal, fiscal, economic, regulatory, credit, market or currency matters or conditions or exchange control or any monetary or trading settlement system (including but not limited to a change in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the Hong Kong dollar is linked to the U.S. dollar or revaluation of Hong Kong dollar or Renminbi against any foreign currencies or a change in any other currency exchange rates) in or affecting any of the Relevant Jurisdictions, including any event which involves one or more members of the European Union announcing, voluntarily or compulsorily, its or their intention to leave the Economic and Monetary Union of the European Union; or

(iii) the imposition after the date of the Hong Kong Underwriting Agreement of any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the London Stock Exchange, the Singapore Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange or in the NASDAQ Global Market; or

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent government authority), New York (imposed at Federal or New York State level or other competent government authority), London or any other Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions; or

(v) a change or development or event involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment regulations (including, without limitation, a change in the system under which the value of the Hong Kong dollar is linked to the U.S. dollar, or a devaluation of the U.S. dollar, Euro, Hong Kong dollar or the Renminbi against any foreign currencies) in any of the Relevant Jurisdictions; or

(vi) any imposition of economic sanctions, or the withdrawal of trading privileges, other than those publicly proposed on or prior to the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(vii) the outbreak or escalation of hostilities (whether or not war is or has been declared) involving or affecting any of the Relevant Jurisdictions or the declaration by any of the Relevant Jurisdictions of a national emergency or war or any other national or international calamity or crisis; or

(viii) any event or circumstance or series of events or circumstances, in the nature of force majeure in or affecting any of the Relevant Jurisdictions including, without limiting

the generality thereof, any act of God, act of government, declaration of a national or international emergency or war, calamity, crisis, riot, public disorder, civil commotion, flood, explosion, epidemic (including SARS, swine or avian flu, H5N1, H1N1, H7N9, COVID-19 or such related/mutated forms), pandemic (but excluding such epidemic and pandemic subsisting as of the date of the Hong Kong Underwriting Agreement which have not materially escalated thereafter), earthquake, terrorism, volcanic eruption or strike; or

(ix) any Director being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or the commencement by any government, political, regulatory body of any action against any Director in his or her capacity as such or an announcement by any governmental, political or regulatory body that it intends to take any such action; or

(x) the chairman of the Company or any of our Directors vacating his office or seeking to retire, or is removed from office; or

(xi) an authority in any Relevant Jurisdiction commencing any investigation or other similar action, or announcing an intention to investigate or take other similar action, against any member of the Group or any Director; or

(xii) any litigation or claim or proceedings being threatened or instigated against any member of the Group or the Controlling Shareholder; or

(xiii) any contravention by any member of the Group or any Director of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or other applicable laws; or

(xiv) a valid prohibition on the Company for whatever reason from offering, allotting or issuing the Offer Shares pursuant to the terms of the Global Offering; or

(xv) a non-compliance of this prospectus or the Application Forms (and/or any other documents issued or used in connection with the Global Offering) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(xvi) except with the prior written consent of the Joint Global Coordinators, the issue or requirement to issue by the Company of any supplement or amendment to this prospectus or the Application Forms (and/or any other documents issued or used in connection with the Global Offering) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xvii) any change, development or event involving a prospective change in, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(xviii) an order or a petition is presented for the winding up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of

the Group or anything analogous thereto occurs in respect of any member of the Group; or

(xix) any contravention by the Company of the Listing Rules or applicable laws; or

(xx) a valid demand by any creditor for repayment or payment of any of the Group's indebtedness or in respect of which the Group is liable prior to its stated maturity; or

(xxi) a material portion of the orders placed or confirmed in the book-building process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or canceled, or any cornerstone investment agreement is terminated,

and which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters),

(A) has or will have or is likely to have a Material Adverse Effect (as defined in the Hong Kong Underwriting Agreement) to the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profit, losses, results of operations, financial or trading position, or performance of the Group as a whole; or

(B) has or will have or is likely to have a Material Adverse Effect (as defined in the Hong Kong Underwriting Agreement) on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

(C) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or

(D) has or will have or is likely to have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents or delays the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Global Coordinators after the date of the Hong Kong Underwriting Agreement:

(i) that any statement contained in any of this prospectus, the Application Forms and/or in any notices or announcements published on the website of the Stock Exchange, any press release published on the website of the Company or communications with the Stock Exchange and the SFC issued by or on behalf of the Company in connection with the Hong Kong Public Offering and the Preferential Offering (including any supplement or amendment thereto) (but excluding information relating to the Underwriters, it being understood that such information consists of only their logos, names and addresses) was, when it was issued, or has become, untrue, incorrect, inaccurate or misleading in any material respect, or that any forecast, estimate, expressions of opinion, intention or expectation contained in any of this prospectus and the Application Forms in connection with the Hong Kong Public Offering and the Preferential Offering was, when it was issued, or has become not fair and honest and based on reasonable assumptions; or

(ii) any event, act or omission which gives or is likely to give rise to any material liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable; or

(iii) any material breach on the part of the Warrantors (as defined in the Hong Kong Underwriting Agreement) of any of the obligations under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(iv) any breach, or any event or circumstance rendering any of the Warranties (as defined in the Hong Kong Underwriting Agreement) untrue or incorrect or misleading; or

(v) any material adverse change or development involving a prospective material adverse change or development in the assets, liabilities, business, management, prospects (financial or otherwise), shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or

(vi) any expert, whose consent is required for the issue of this prospectus with the inclusion of its reports, letters or opinions and references to its name included in the form and context in which respectively appears (other than the Joint Sponsors), has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to such reports, letters and/or legal opinion included in the form and context in which it respectively appears; or

(vii) approval by the Listing Committee of Stock Exchange of the listing of, and permission to deal in, the H Shares in issue and to be issued (including any additional H Shares that may be issued pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, canceled, qualified (other than by customary conditions), revoked or withheld; or

(viii) the Company withdraws this prospectus and the Application Forms (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering,

then the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and the Joint Sponsors, may, in their sole and absolute discretion and upon giving notice in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date

(whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except:

(a) in certain circumstances prescribed by Rule 10.08 of the Listing Rules; or

(b) pursuant to the Global Offering (including the Over-allotment Option).

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters not to, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), except for the issue, offer or sale of the Offer Shares pursuant to the Global Offering, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) offer, allot, issue, sell, accept subscription for, contract to allot, issue or sell, contract or agree to allot, issue or sell, assign, grant or sell any option, warrant, right or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of, or agree to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any H Shares or other equity securities of our Company, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other equity securities of our Company); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any H Shares or other equity securities of our Company, or any interest therein (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any H Shares or other equity securities of our Company); or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any transaction described (i), (ii) or (iii) above;

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of the H Shares or such other securities of our Company, or in cash or otherwise (whether or not such issue of the Shares or securities of the Company, as applicable will be completed within the First Six-Month Period).

In the event that, at any time during the period of six months commencing on the expiry of the First Six-Month Period (the "**Second Six-Month Period**"), our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or contracts to or announces or publicly discloses, any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that:

(a) at any time in the period commencing on the date by reference to which disclosure of their shareholding in the Company is made in this prospectus and ending on the date which is six months from the Listing Date, it shall not and shall procure the relevant registered holder(s) shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by the prospectus to be the beneficial owner;

(b) at any time in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, it shall not and shall procure the relevant registered holder(s) shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a Controlling Shareholder and/or a group of Controlling Shareholders of the Company, as the case may be;

within the period commencing on the date by reference to which disclosure of our shareholdings in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to the Company that:

(i) when any of them pledges or charges any of our Shares or securities beneficially owned by any of them, whether directly or indirectly, in favor of any authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform the Company of such pledge or charge together with the number of Shares so pledged or charged; and

(ii) when any of the Controlling Shareholders receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform the Company in writing of such indications.

Our Controlling Shareholder has undertaken to each of our Company, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters that, save as pursuant to the Global Offering, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, it will not, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date that is 12 months after the Listing Date (the "**Lock-up Period**"):

(a) (i) offer, pledge, charge, sell, contract to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any

option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any H Shares or other equity securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other equity securities of our Company and any securities in any company holding any interest in our Company); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such capital or securities or any interest therein; or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or agree to do any of the foregoing or announce any intention to do so, whether any of the transactions described in (i), (ii) or (iii) above is to be settled by delivery of such Shares or other securities of the Company, in cash or otherwise; and

(b) it will not enter into any transaction described in (a)(i), (ii), (iii) or (iv) above or agree or contract to or publicly announce any intention to enter into any such transaction;

provided that nothing contained in the above shall prevent our Controlling Shareholder from purchasing additional H Shares or other securities of our Company and disposing of such additional H Shares or securities of our Company.

Our Controlling Shareholder has further undertaken to each of the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that, within a period commencing on the date of this Agreement and ending on a date which is 12 months from the Listing Date, it will:

(a) when it or any of its subsidiaries pledges or charges any H Shares or securities of our Company beneficially owned by it or its subsidiary (as the case may be) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, to the extent permitted by applicable law, as soon as practicable inform the Joint Global Coordinators and the Joint Sponsors of such pledge or charge together with the number of H Shares or securities of our Company so pledged or charged; and

(b) when it or its subsidiary (as the case may be) receives any indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged H Shares or securities of our Company will be disposed of, to the extent permitted by applicable law, as soon as practicable inform the Joint Global Coordinators and the Joint Sponsors of such indications.

Our Controlling Shareholder also undertakes to each of the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters to procure the Company to comply with undertakings set out in the section headed "—Underwriting Arrangements and Expenses—The Hong Kong Public Offering—Undertakings by our Company" above.

Indemnity

We have agreed to indemnify the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses incurred arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Commission and Expenses and Joint Sponsors' Fee

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) will receive an underwriting commission equal to 3% of the aggregate Offer Price in respect of all Offer Shares in the Global Offering. In addition, at the discretion of our Company, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) may also receive a discretionary incentive fee of up to 1% of the aggregate Offer Price in respect of all Offer Shares (including any Shares to be issued pursuant to the exercise of the Over-allotment Option).

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$39.60 (being the mid-point of our Offer Price range stated in this prospectus), the aggregate commissions and fees, together with the Stock Exchange listing fees, the Stock Exchange trading fee of 0.005% per Share, SFC transaction levy of 0.0027% per Share, brokerage fee, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to be approximately HK$101.2 million.

An aggregate amount of US$1,000,000 (excluding expenses) is payable by the Company as sponsor fees to the Joint Sponsors.

Hong Kong Underwriters' Interests in Our Company

Save for the obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding or beneficial interests in any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option, it is expected that the International Underwriters would, subject to certain conditions set out therein, severally but not jointly, agree to procure purchasers for, or to purchase, the International Offering Shares being offered pursuant to the International Offering or procure purchasers for their respective applicable proportions of International Offering Shares. For details, see "Structure of the Global Offering—The International Offering".

Over-allotment Option and Stabilization

For more details of the arrangements relating to the Over-allotment Option and stabilization, please see the section headed "Structure of the Global Offering" in this prospectus.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Offer Shares have not been publicly offered, directly or indirectly, in the PRC or the United States.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as "Syndicate Members", may each individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

(a) under the agreement among the Syndicate Members, all of them (except for the Stabilization Manager or its designated affiliate as the Stabilization Manager) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the accounts of others. In relation to our Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong

and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by the Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering." Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

INDEPENDENCE OF THE JOINT SPONSORS

Each of J.P. Morgan Securities (Far East) Limited and China International Capital Corporation Hong Kong Securities Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The listing of the H Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on our behalf to the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued as described in this prospectus. The Global Offering comprises:

(a) the Hong Kong Public Offering of initially 3,620,000 Offer Shares (subject to adjustment) in Hong Kong as described below in the section headed "— The Hong Kong Public Offering"; and

(b) the International Offering of initially 32,580,000 Offer Shares (subject to adjustment and the Over-allotment Option) (i) in the United States to Qualified Institutional Buyers, or QIBs, in reliance on Rule 144A or another available exemption; and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in reliance on Regulation S or other available exemption from the registration requirements of the U.S. Securities Act.

Of the 32,580,000 Offer Shares initially being offered under the International Offering, 1,810,000 Offer Shares (representing approximately 5.6% and 5.0% of the Offer Shares initially being offered under the International Offering and the Global Offering, respectively) will be offered to Qualifying MicroPort Shareholders as an Assured Entitlement as described below in the section headed "— The Preferential Offering."

Investors may either:

(a) apply for Hong Kong Offer Shares under the Hong Kong Public Offering;

(b) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both (except that Qualifying MicroPort Shareholders who are eligible to apply for the Reserved Shares in the Preferential Offering may also either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering, if eligible; or (ii) indicate an interest for International Offer Shares under the International Offering, if qualified to do so).

The Offer Shares will represent approximately 3.80% of the issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 4.34% of the issued share capital of the Company immediately following the completion of the Global Offering. In the event the Over-allotment Option is exercised, the number of Reserved Shares will not change.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering and the Preferential Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

We are initially offering 3,620,000 Hong Kong Offer Shares, representing 10% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between (i) the International Offering and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 0.38% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out below in the section headed "— Conditions of the Hong Kong Public Offering."

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) will be divided into two pools for allocation purposes:

Pool A: The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total subscription price of HK$5.0 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less.

Pool B: The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total subscription price of more than HK$5.0 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value of Pool B.

For the purpose of this sub-section only, the "subscription price" for Hong Kong Offer Shares means the price payable on application (without regard to the Offer Price as finally determined).

Applicants should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the two pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B, but not from both pools. Multiple or suspected multiple applications and any application for more than 1,810,000 Hong Kong Offer Shares (being 50% of the 3,620,000 Offer Shares initially available under the Hong Kong Public Offering) will be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached. 3,620,000 Offer Shares are initially available in the Hong Kong Public Offering, representing 10.0% of the Offer Shares initially available under the Global Offering. The allocation of Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment.

If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents: (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times and (c) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 10,860,000 Offer Shares (in the case of (a)), 14,480,000 Offer Shares (in the case of (b)) and 18,100,000 Offer Shares (in the case of (c)), representing approximately 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may be reallocated between these offerings at the discretion of the Joint Global Coordinators, pursuant to the clawback mechanism as detailed above. In accordance with the Guidance Letter HKEX-GL91-18 issued by the Hong Kong Stock Exchange, if such reallocation is done other than pursuant to the clawback mechanism above, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e., 7,240,000 Shares, representing 20.0% of the total number of Offer Shares initially available under the Global Offering) and the final Offer Price should be fixed at the bottom end of the indicative Offer Price range (i.e. HK$ 36.00 per Offer Share) stated in this prospectus.

The Reserved Shares which are offered under the Preferential Offering to Qualifying MicroPort Shareholders out of the Offer Shares being offered under the International Offering will not be subject to reallocation between the Hong Kong Public Offering and the International Offering.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$43.20 per Offer Share in addition to the brokerage, SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "— Pricing and Allocation" below, is less than HK$43.20 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares."

THE PREFERENTIAL OFFERING

Basis of the Assured Entitlement

In order to enable MicroPort Shareholders to participate in the Global Offering on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange and the Global Offering becoming unconditional, Qualifying MicroPort Shareholders are being invited to apply for an aggregate of 1,810,000 Reserved Shares in the Preferential Offering as Assured Entitlement (representing approximately 5.6% and 5.0% of the Offer Shares initially being offered under the International Offering and the Global Offering, respectively). The Reserved Shares are being offered out of the International Offer Shares under the International Offering and are not subject to reallocation as described in "— The Hong Kong Public Offering — Reallocation" above. In the event the Over-allotment Option is exercised, the number of Reserved Shares will not change.

The basis of the Assured Entitlement is one Reserved Share for every integral multiple of 1,100 MicroPort Shares held by Qualifying MicroPort Shareholders as at 4:30 p.m. on the Record Date.

Qualifying MicroPort Shareholders should note that Assured Entitlement to Reserved Shares may not represent a number of a full board lot of 500 H Shares. Further, the Reserved Shares allocated to the Qualifying MicroPort Shareholders will be rounded down to the closest whole number if required. No odd lot matching services will be provided and dealings in odd lots of the H Shares may be at a price below the prevailing market price for full board lots.

Assured Entitlement of Qualifying MicroPort Shareholders to Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

Qualifying MicroPort Shareholders who hold less than 1,100 MicroPort Shares on the Record Date and therefore will not have an Assured Entitlement to the Reserved Shares will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares as further described below.

Basis of Allocation for Applications for Reserved Shares

Qualifying MicroPort Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement or may apply only for excess Reserved Shares under the Preferential Offering.

A valid application for a number of Reserved Shares which is less than or equal to a Qualifying MicroPort Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Form, and assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying MicroPort Shareholder applies for a number of Reserved Shares which is greater than the Qualifying MicroPort Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full (subject to terms and conditions mentioned above) but the excess portion of such application will only be met to the extent that there are sufficient Available Reserved Shares (as defined below).

Where a Qualifying MicroPort Shareholder applies for excess Reserved Shares only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Qualifying MicroPort Shareholders (other than HKSCC Nominees) who intend to apply for less than their Assured Entitlement using the **BLUE** Application Forms for Assured Entitlement or who intend to apply for excess Reserved Shares using the **BLUE** Application Forms for excess Reserved Shares, should apply for a number which is one of the numbers set out in the table of numbers and payments in the **BLUE** Application Form and make a payment of the corresponding amount. If you are a Qualifying MicroPort Shareholder and wish to apply for excess Reserved Shares in addition to your Assured Entitlement, you should complete and sign the **BLUE** Application Form for excess Reserved Shares and lodge it, together with a separate remittance for the full amount payable on application in respect of the excess Reserved Shares applied for.

To the extent that the excess applications for the Reserved Shares are:

(a) less than the Reserved Shares not taken up by the Qualifying MicroPort Shareholders' Assured Entitlement (the "**Available Reserved Shares**"), the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Global Coordinators, to the International Offering;

(b) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(c) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on a fair and reasonable basis, which is consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares.

If there are any H Shares remaining after satisfying the excess applications, such H Shares will be reallocated, at the discretion of the Joint Global Coordinators, to the International Offering. No preference will be given to any excess application made to top up odd lot holdings to whole lot holdings of H Shares. Nominee companies are regarded as single shareholder for the purpose of this application.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering. Beneficial MicroPort Shareholders (not being Non-Qualifying MicroPort Shareholders) whose MicroPort Shares are held by a nominee company should note that the Company will regard the nominee company as a single MicroPort Shareholder according to the register of members of MicroPort. Accordingly, such Beneficial MicroPort Shareholders whose MicroPort Shares are held by a nominee company should note that the arrangement under paragraph (c) above will not apply to them individually. Any Beneficial MicroPort Shareholders (not being Non-Qualifying MicroPort Shareholders) whose MicroPort Shares are registered in the name of a nominee, trustee or registered holder in any other capacity should make arrangements with such nominee, trustee or registered holder in relation to applications for Reserved Shares under the Preferential Offering. Any such person is advised to consider whether it wishes to arrange for the registration of the relevant MicroPort Shares in the name of the beneficial owner prior to the Record Date.

Applications by Qualifying MicroPort Shareholders for the Hong Kong Offer Shares

In addition to any application for Reserved Shares made on the **BLUE** Application Form, Qualifying MicroPort Shareholders will be entitled to make one application for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS or by applying through the **White Form eIPO** service. Qualifying MicroPort Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service under the Hong Kong Public Offering.

Qualifying MicroPort Shareholders and Non-Qualifying MicroPort Shareholders

Only MicroPort Shareholders whose names appeared on the register of members of MicroPort at 4:30 p.m. on the Record Date and who are not Non-Qualifying MicroPort Shareholders, are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying MicroPort Shareholders are those MicroPort Shareholders with registered addresses in, or who are otherwise known by MicroPort to be residents of, jurisdictions outside Hong Kong on the Record Date, in respect of whom the directors of MicroPort and the Company, based on the enquiries made by them, consider it necessary or expedient to exclude from the Preferential Offering on account either of the legal restrictions under the laws of the relevant jurisdiction in which

the relevant MicroPort Shareholder is resident or the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

The directors of MicroPort and the Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territory and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Reserved Shares to the MicroPort Shareholders in the Specified Territory. Having considered the circumstances, the directors of MicroPort and the Company have formed the view that it is necessary or expedient to restrict the ability of MicroPort Shareholders in the Specified Territory to take up their Assured Entitlement to the Reserved Shares under the Preferential Offering due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in such territory and/or additional steps which the Company and the MicroPort Shareholders would need to take to comply with the local legal and/or other requirements which would need to be satisfied in order to comply with the relevant local or regulatory requirements in such territory.

Accordingly, for the purposes of the Preferential Offering, the Non-Qualifying MicroPort Shareholders are:

(a) MicroPort Shareholders whose names appeared in the register of members of MicroPort on the Record Date and whose addresses as shown in such register are in the Specified Territory; and

(b) MicroPort Shareholders on the Record Date who are otherwise known by MicroPort to be resident in the Specified Territory.

Notwithstanding any other provision in this prospectus or the **BLUE** Application Forms, the Company reserves the right to permit any MicroPort Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions described above.

Beneficial MicroPort Shareholders who hold MicroPort Shares through Shenzhen-Hong Kong Stock Connect

Pursuant to Article 23 of the Implementation Rules for Registration, Depository and Clearing Services under the Mainland-Hong Kong Stock Markets Connect Program, the China Securities Depository and Clearing Corporation (CSDC) does not provide services relating to the subscription of newly issued shares. Accordingly, Beneficial MicroPort Shareholders who hold MicroPort Shares through Shenzhen-Hong Kong Stock Connect cannot participate in the Preferential Offering and will not be able to take up their respective Assured Entitlement to the Reserved Shares under the Preferential Offering through the trading mechanism of Shenzhen-Hong Kong Stock Connect.

Distribution of this Prospectus and the BLUE Application Forms

A **BLUE** Application Form has been despatched to each Qualifying MicroPort Shareholder. In addition, Qualifying MicroPort Shareholders will receive a copy of this prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under MicroPort's corporate communications policy. For further details, see "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

Application Procedures

The procedures for application under and the terms and conditions of the Preferential Offering are set out in "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus and on the **BLUE** Application Forms.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the International Offering will be 32,580,000, representing 90% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares initially offered under the International Offering will represent approximately 3.42% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance in Regulation S. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section headed "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely hold or sell, H Shares, after the listing of our H Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in the section headed "— The Hong Kong Public

Offering — Reallocation" above, the exercise of the Over-allotment Option in whole or in part described in the section headed "— Over-allotment Option" and any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering and/or any Offer Shares from the International Offering to the Hong Kong Public Offering at the discretion of the Joint Global Coordinators.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters, which will be exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) at any time from the Listing Date to the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require us to allot and issue up to 5,430,000 additional H Shares, representing 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to cover over-allocation in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional International Offer Shares to be issued pursuant thereto will represent approximately 0.57% of our Company's enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a public announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to curb and, if possible, prevent any decline in the market price of the securities below the offer price. It may be effected in jurisdictions where it is permissible to do so and subject to all applicable laws and regulatory requirements. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

J.P. Morgan Securities (Asia Pacific) Limited has been appointed by us as the Stabilization Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the SFO. In connection with the Global Offering, the Stabilization Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilization Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilization Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Offer Shares or purchasing H Shares in the open market. In determining the source of the Offer Shares to close out the covered short position, the Stabilization Manager will consider, among other things, the

price of Offer Shares in the open market as compared to the price at which they may purchase additional Offer Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or curbing a decline in the market price of the Offer Shares while the Global Offering is in progress. Any market purchases of our Offer Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilization Manager or any person acting for it to conduct any such stabilizing action. Such stabilizing activity, if commenced, will be done at the absolute discretion of the Stabilization Manager and may be discontinued at any time.

Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of the Offer Shares that may be over-allocated will not exceed the number of the H Shares that may be sold under the Over-allotment Option, namely, 5,430,000 Offer Shares, which is 15% of the total number of Offer Shares initially available under the Global Offering, and cover such over-allocation by exercising the Over- allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(c) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(e) selling or agreeing to sell any of our Shares in order to liquidate any position established as a result of those purchases; and

(f) offering or attempting to do anything as described in (b), (c), (d) or (e) above.

Stabilizing actions by the Stabilization Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilization Manager or any person acting for it, may maintain a long position in the H Shares. The size of the long position and the period for which the Stabilization Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilization Manager and is uncertain. In the event that the Stabilization Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Stabilizing action by the Stabilization Manager, or any person acting for it, is not permitted to support the price of the H Shares for longer than the stabilizing period, which begins on the day on which trading of the H Shares commences on the Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on Thursday, November 25, 2021. As a result, demand for the H Shares and their market price, may fall after the end of the stabilizing period. These activities by the Stabilization Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilization Manager, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the H Shares by the Stabilization Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

PRICING AND ALLOCATION

Determining the Offer Price

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Tuesday, October 26, 2021 and in any event on or before Thursday, October 28, 2021, by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

Offer Price Range

The Offer Price per Offer Share under the Hong Kong Public Offering will be identical to the offer price per Offer Share under the International Offering based on the Hong Kong dollar price per Offer Share under the International Offering, as determined by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company.

The Offer Price will not be more than HK$43.20 per Offer Share and is expected to be not less than HK$36.00 per Offer Share, unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Price Payable on Application

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$43.20 per Hong Kong Offer Share (plus 1.0% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee). If the Offer Price is less than HK$43.20,

appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies, without any interest) will be made to successful applications.

If, for any reason, our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Thursday, October 28, 2021, the Global Offering will not proceed and will lapse.

Reduction in Number of Offer Shares

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares offered and/or the Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of the Company and the Stock Exchange at **www.medbotsurgical.com** and **www.hkexnews.hk**, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price Range. If the number of Offer Shares and/or the Offer Price range is so reduced, all applicants under the Hong Kong Public Offering will be entitled to withdraw their applications and will need to confirm their applications in accordance with the procedures set out in the supplemental prospectus. Supplemental listing documents will also be issued by the Company in the event of a reduction in the number of Offer Shares or the Offer Price. Such supplemental listing documents will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares and/or the Offer Price will not be reduced. Failure to confirm within the prescribed time will lead to the application being lapsed and all unconfirmed applications will not be valid.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, at their discretion, reallocate the number of Offer

Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators (for themselves and on behalf of the Underwriters).

Announcement of Offer Price and Basis of Allocations

The final Offer Price, the level of indications of interest in the Global Offering, the results of allocations and the basis of allotment of the Hong Kong Offer Shares are expected to be announced on Monday, November 1, 2021, on the website of the Stock Exchange at **www.hkexnews.hk** and on the website of our Company at **www.medbotsurgical.com**.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other things, our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, and the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in the section headed "Underwriting."

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including any H Shares that may be issued under the Over-allotment Option), and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(b) the Offer Price having been duly agreed between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters);

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before Thursday, October 28, 2021, the Global Offering will not proceed and will lapse immediately.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.medbotsurgical.com** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares." In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banker(s) or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — The Hong Kong Public Offering — Grounds for Termination" has not been exercised.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued by us pursuant to the Global Offering.

No part of the Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, our H Shares and our Company complies with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

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

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, November 2, 2021, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, November 2, 2021. Our H Shares will be traded in board lots of 500 H Shares. The stock code of our H Shares will be 2252.

IMPORTANT NOTICE TO INVESTORS
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus or any printed copies of any application forms for use by the public.

This prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** under the "HKEXnews > New Listings > New Listing Information" section, and our website at **www.medbotsurgical.com**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

The contents of the electronic version of the prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this Prospectus is available online at the website addresses above.

A. APPLICATIONS FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

We will not provide any printed application forms for use by the public.

To apply for Hong Kong Offer Shares, you may:

(1) apply online via the **White Form eIPO** service at **www.eipo.com.hk;** or

(2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

(i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

(ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our H Share Registrar and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, both at +852 2862 8646 on the following dates:

Thursday, October 21, 2021 — 9:00 a.m. to 9:00 p.m.
Friday, October 22, 2021 — 9:00 a.m. to 9:00 p.m.
Saturday, October 23, 2021 — 9:00 a.m. to 6:00 p.m.
Sunday, October 24, 2021 — 9:00 a.m. to 6:00 p.m.
Monday, October 25, 2021 — 9:00 a.m. to 9:00 p.m.
Tuesday, October 26, 2021 — 9:00 a.m. to 12:00 noon

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

We, the Joint Global Coordinators, the **White Form eIPO** Service Provider and our and their respective agents may reject or accept any application, in full or in part, for any reason at our or their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States and are not a U.S. person (as defined in Regulation S); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If an application is made by a person under a power of attorney, the Company and the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- are a Director or chief executive officer of the Company and/or any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering (except in respect of Reserved Shares applied for pursuant to the Preferential Offering).

Our Company, the Joint Global Coordinators and the designated **White Form eIPO** Service Provider (where applicable) or their respective agents have full discretion to reject or accept application, in full or in part, without giving any reasons.

Items Required for the Application

If you apply for the Hong Kong Offer Shares online through the **White Form eIPO** service, you must:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals, please contact them for the items required for the application.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Minimum Application Amount and Permitted Numbers

Your application through **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table below. You are required to pay the amount next to the number you select.

Shanghai MicroPort MedBot (Group) Co., Ltd.

(HK$43.20 per Hong Kong Offer Share)

NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK$		HK$		HK$		HK$
500	21,817.66	10,000	436,353.26	80,000	3,490,826.11	1,200,000	52,362,391.68
1,000	43,635.33	15,000	654,529.90	85,000	3,709,002.74	1,400,000	61,089,456.96
1,500	65,452.99	20,000	872,706.53	90,000	3,927,179.38	1,600,000	69,816,522.24
2,000	87,270.65	25,000	1,090,883.16	95,000	4,145,356.01	1,810,000(1)	78,979,940.78
2,500	109,088.32	30,000	1,309,059.79	100,000	4,363,532.64		
3,000	130,905.98	35,000	1,527,236.42	200,000	8,727,065.28		
3,500	152,723.64	40,000	1,745,413.06	300,000	13,090,597.92		
4,000	174,541.31	45,000	1,963,589.69	400,000	17,454,130.56		
4,500	196,358.97	50,000	2,181,766.32	500,000	21,817,663.20		
5,000	218,176.63	55,000	2,399,942.95	600,000	26,181,195.84		
6,000	261,811.96	60,000	2,618,119.58	700,000	30,544,728.48		
7,000	305,447.28	65,000	2,836,296.22	800,000	34,908,261.12		
8,000	349,082.61	70,000	3,054,472.85	900,000	39,271,793.76		
9,000	392,717.94	75,000	3,272,649.48	1,000,000	43,635,326.40		

Note:

(1) Maximum number of Hong Kong Offer Shares you may apply for.

4. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the **White Form eIPO** service, among other things, you:

(i) **undertake** to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) **agree** to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law, the Special Regulations and the Memorandum of Association and the Articles of Association;

(iii) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(iv) **confirm** that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) **confirm** that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) **agree** that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the **White Form eIPO** Service Provider, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) **undertake** and **confirm** that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering (except in respect of Reserved Shares pursuant to the Preferential Offering);

(viii) **agree** to disclose to the Company, our H Share Registrar, receiving bank, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) (if the laws of any place outside Hong Kong apply to your application) **agree** and **warrant** that you have complied with all such laws and none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(x) **agree** that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) **agree** that your application will be governed by the laws of Hong Kong;

(xii) **represent**, **warrant** and **undertake** that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) **warrant** that the information you have provided is true and accurate;

(xiv) **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) **authorize** the Company to place your name(s) or the name of the HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any H Share certificate(s) and/ or any e-Refund payment instructions and/or any refund check(s) to you or the first- named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the H Share certificate(s) and/or refund check(s) in person;

(xvi) **declare** and **represent** that except for an application made by a Qualifying MicroPort Shareholder under the Preferential Offering, this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) **understand** that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allocation of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) **warrant** that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service by you or by any one as your agent or by any other person (except in respect of application for Reserved Shares pursuant to the Preferential Offering); and

(xix) (if you are making the application as an agent for the benefit of another person) **warrant** that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC (except in respect of application for Reserved Shares pursuant to the Preferential Offering); and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria above in the section headed "— A. Applications for Hong Kong Offer Shares — 2. Who can apply" may apply through the **White Form eIPO** service for the Offer Shares to be allocated and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service at **www.eipo.com.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Thursday, October 21, 2021 until 11:30 a.m. on Tuesday, October 26, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, October 26, 2021 or such later time as described below in the section headed "— D. Effect of Bad Weather on the Opening and Closing of the Applications Lists".

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the

designated **White Form eIPO** Service Provider, will contribute HK$2 per each "Shanghai MicroPort MedBot (Group) Co., Ltd." **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our H Share Registrar.

GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and an application is made by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- **agree** that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- **agree** to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- **undertake** and **confirm** that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
- (if the **electronic application instructions** are given for your benefit) **declare** that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
- **confirm** that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- **authorize** the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send H Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- **confirm** that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- **agree** that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- **agree** to disclose your personal data to the Company, our H Share Registrar, receiving bank, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;
- **agree** (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- **agree** that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding

any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- **agree** that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- **agree** with the Company, for itself and for the benefit of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company, with each CCASS Participant giving **electronic application instructions**):

  (a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association of the Company;

  (b) that any award made in such arbitration shall be final and conclusive; and

  (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- **agree** with the Company (for the Company itself and for the benefit of each shareholder of the Company) that H shares in the Company are freely transferable by their holders;

- **authorise** the Company to enter into a contract on its behalf with each director and officer of the Company whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of the Company; and
- **agree** that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- **instructed** and **authorized** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- **instructed** and **authorized** HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- **instructed** and **authorized** HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

Time for Inputting Electronic Application Instructions[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, October 21, 2021 — 9:00 a.m. to 8:30 p.m.

Friday, October 22, 2021 — 8:00 a.m. to 8:30 p.m.

Monday, October 25, 2021 — 8:00 a.m. to 8:30 p.m.

Tuesday, October 26, 2021 — 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, October 21, 2021 until 12:00 noon on Tuesday, October 26, 2021 (24 hours daily, except on Tuesday, October 26, 2021, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, October 26, 2021, the last day for applications or such later time as described below in the section headed "— D. Effect of Bad Weather on the Opening and Closing of the Application Lists".

If you are instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your broker or custodian for the latest time for giving such instructions which may be different from the latest time as stated above.

Note:

1. The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The following Personal Information Collection Statement applies to any personal data held by the Company, the H Share Registrar, the receiving bank, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of our Company and its H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to our Company or its agents and the H Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of our Company or its H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share Certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform our Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque, where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of our Company's H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating our Company's register of members;
- verifying identities of the holders of our Company's H Shares;
- establishing benefit entitlements of holders of our Company's H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and its subsidiaries;
- compiling statistical information and profiles of the holder of our Company's H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the H Share Registrar to discharge their obligations to holders of our Company's H Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by our Company and its H Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but our Company and its H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial advisers and receiving banks;

- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

Our Company and its H Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether our Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company, at our Company's registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the secretary, or our Company's H Share Registrar for the attention of the privacy compliance officer.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications in making your electronic applications. The Company, the Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS

Internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, October 26, 2021, the last application day or such later time as described below in the section headed "— D. Effect of Bad Weather on the Operating and Closing of Application Lists".

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

If you are a Qualifying MicroPort Shareholder applying for Reserved Shares under the Preferential Offering on the **BLUE** Application Form, you may also make one application for Hong Kong Offer Shares electronically through CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or submit an application through the **White Form eIPO** service through the designated website at **www.eipo.com.hk**. However, in respect of any application for Hong Kong Offer Shares using the above methods, you will not enjoy the preferential treatment accorded to you under the Preferential Offering as described in the section headed "Structure of the Global Offering — The Preferential Offering."

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your broker or custodian) or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf.

For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company, then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange. "Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. APPLICATIONS FOR RESERVED SHARES

1. WHO CAN APPLY

Only MicroPort Shareholders whose names appeared on the register of members of MicroPort on the Record Date and who are not Non-Qualifying MicroPort Shareholders are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying MicroPort Shareholders are those MicroPort Shareholders with registered addresses in, or who are otherwise known by MicroPort to be residents of, jurisdictions outside Hong Kong on the Record Date, in respect of whom the directors of MicroPort and the Company, based on the enquiries made by them, consider it necessary or expedient to exclude them from the Preferential Offering on account either of the legal restrictions under the laws of the relevant jurisdiction in which the relevant MicroPort Shareholder is resident or the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

The directors of MicroPort and the Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territory and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Reserved Shares to the MicroPort Shareholders in the Specified Territory. Having considered the circumstances, the directors of MicroPort and the Company have formed the view that it is necessary or expedient to restrict the ability of MicroPort Shareholders in the Specified Territory to take up their Assured Entitlement to the Reserved Shares under the Preferential Offering due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in such territory and/or additional steps which the Company and the MicroPort Shareholders would need to take to comply with the local legal and/or other requirements which would need to be satisfied in order to comply with the relevant local or regulatory requirements in such territory.

Accordingly, for the purposes of the Preferential Offering, the Non-Qualifying MicroPort Shareholders are:

(a) MicroPort Shareholders whose names appeared in the register of members of MicroPort on the Record Date and whose addresses as shown in such register are in the Specified Territory; and

(b) MicroPort Shareholders on the Record Date who are otherwise known by MicroPort to be resident in the Specified Territory.

Notwithstanding any other provision in this prospectus or the **BLUE** Application Forms, the Company reserves the right to permit any MicroPort Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions described above.

With respect to the Specified Territory, MicroPort has sent a letter to CCASS Participants (other than CCASS Investor Participants) notifying them that in light of applicable laws and regulations of the Specified Territory, to the extent they hold any MicroPort Shares on behalf of the Non-Qualifying MicroPort Shareholders, they are excluded from participating in the Preferential Offering.

Qualifying MicroPort Shareholders are entitled to apply on the basis of an Assured Entitlement of one Reserved Share for every integral multiple of 1,100 MicroPort Shares held by them on the Record Date.

Qualifying MicroPort Shareholders who hold less than 1,100 MicroPort Shares on the Record Date will not have an Assured Entitlement to the Reserved Shares, but they will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares.

If the applicant is a firm, the application must be in the individual members' names, but not in the name of the firm. If the applicant is a body corporate, the **BLUE** Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with the corporation's chop.

If an application is made by a duly authorized person under a valid power of attorney, the Company and the Joint Global Coordinators, as the Company's agents, may accept it at their discretion, and on any conditions they think fit, including requiring evidence of the attorney's authority. The Company and the Joint Global Coordinators, as the Company's agents, will have full discretion to reject or accept any application, in full or in part, without giving any reason.

You cannot apply for any Reserved Shares if you:

- are an existing beneficial owner of Shares in the Company and/or any of its subsidiaries;
- are a Director or chief executive of the Company and/or any of the Company's subsidiaries (other than a Director and/or his associates who are Qualifying MicroPort Shareholders who may apply for Reserved Shares pursuant to the Preferential Offering);
- are a close associate of any of the above persons; or
- are a Non-Qualifying MicroPort Shareholder.

2. HOW TO APPLY

An application for Reserved Shares under the Preferential Offering may only be made by Qualifying MicroPort Shareholders using **BLUE** Application Forms which have been despatched to Qualifying MicroPort Shareholders by the Company.

Qualifying MicroPort Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement or may apply only for excess Reserved Shares under the Preferential Offering.

A valid application for a number of Reserved Shares which is less than or equal to a Qualifying MicroPort Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Forms and assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying MicroPort Shareholder applies for a number of Reserved Shares which is greater than the Qualifying MicroPort Shareholder's Assured Entitlement under the Preferential

Offering, the relevant Assured Entitlement will be satisfied full, subject as mentioned above, but the excess portion of such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Where a Qualifying MicroPort Shareholder applies for excess Reserved Shares only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Qualifying MicroPort Shareholders (other than HKSCC Nominees) who intend to apply for less than their Assured Entitlement using the **BLUE** Application Forms for Assured Entitlement or who intend to apply for excess Reserved Shares using the **BLUE** Application Forms for excess Reserved Shares, should apply for a number which is one of the numbers set out in the table of numbers and payments in the **BLUE** Application Form and make a payment of the corresponding amount. If you are a Qualifying MicroPort Shareholder and wish to apply for excess Reserved Shares in addition to your Assured Entitlement, you should complete and sign the **BLUE** Application Form for excess Reserved Shares and lodge it, together with a separate remittance for the full amount payable on application in respect of the excess Reserved Shares applied for.

To the extent that excess applications for the Reserved Shares are:

(a) less than the Available Reserved Shares, the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Global Coordinators, to the International Offering;

(b) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(c) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on an allocation basis which will be consistent with the allocation basis commonly used in the case of over-subscription in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications.

If there are any H Shares remaining after satisfying the excess applications, such H Shares will be reallocated, at the discretion of the Joint Global Coordinators, to the International Offering. No preference will be given to any excess applications made to top up odd lot holdings to whole lot holdings of H Shares. Nominee companies are regarded as single shareholder for the purpose of this application.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering.

Qualifying MicroPort Shareholders who have applied for Reserved Shares under the Preferential Offering, on the **BLUE** Application Form, may also make one application by giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or through the **White Form eIPO** service for the Hong Kong Offer Shares in the Hong Kong Public Offering. However, Qualifying MicroPort

Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service under the Hong Kong Public Offering.

Persons who held their MicroPort Shares on the Record Date in CCASS indirectly through a broker/ custodian, and wish to participate in the Preferential Offering, should instruct their broker or custodian to apply for the Reserved Shares on their behalf by no later than the deadline set by HKSCC or HKSCC Nominees. In order to meet the deadline set by HKSCC, such persons should check with their broker/custodian for the timing on the processing of their instructions, and submit their instructions to their broker/custodian as required by them. Persons who held their MicroPort Shares on the Record Date in CCASS directly as a CCASS Investor Participant, and wish to participate in the Preferential Offering, should give their instruction to HKSCC via the CCASS Phone System or CCASS Internet System by no later than the deadline set by HKSCC or HKSCC Nominees.

3. DISTRIBUTION OF THIS PROSPECTUS AND THE BLUE APPLICATION FORMS

The **BLUE** Application Forms have been despatched to all Qualifying MicroPort Shareholders to their address recorded on the register of members of MicroPort on the Record Date.

In addition, Qualifying MicroPort Shareholders will receive a copy of this prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under MicroPort's corporate communications policy.

If a Qualifying MicroPort Shareholder has elected to receive corporate communications from MicroPort in printed form under MicroPort's corporate communications policy or has not been asked to elect the means of receiving MicroPort's corporate communications, a printed copy of this prospectus in the elected language version(s) (if applicable) will be despatched to such Qualifying MicroPort Shareholder. If a Qualifying MicroPort Shareholder (a) has elected to receive an electronic version of corporate communications or (b) is deemed to have consented to receiving the electronic version of corporate communications from MicroPort, an electronic version of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of the Company at **www.medbotsurgical.com** and the Stock Exchange at **www.hkexnews.hk** under the section headed "*HKEXnews* > *Listed Company Information* > *Latest Listed Company Information*."

A Qualifying MicroPort Shareholder who has elected to receive or is deemed to have consented to receiving the electronic version of this prospectus may at any time request for a printed copy of this prospectus, free of charge, by sending a request in writing to MicroPort c/o Computershare Hong Kong Investor Services Limited or by email to MicroPort at microport.ecom@computershare.com.hk. MicroPort will promptly, upon request, send by ordinary post a printed copy of this prospectus to such Qualifying MicroPort Shareholder, free of charge, although such Qualifying MicroPort Shareholder may not receive that printed copy of this prospectus before the close of the Hong Kong Public Offering and the Preferential Offering.

Qualifying MicroPort Shareholders who require a replacement **BLUE** Application Form should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong or on its hotline +852 2862 8555.

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

Receipt of this prospectus and/or the **BLUE** Application Forms does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/ or the **BLUE** Application Forms must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or the **BLUE** Application Forms should not, in connection with the Preferential Offering, distribute or send the same in, into or from, the Specified Territory. If the **BLUE** Application Form is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not apply for any Reserved Shares unless the directors of MicroPort and the Company determine that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this prospectus and/or the **BLUE** Application Form(s) in, into or from the Specified Territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

4. APPLYING BY USING BLUE APPLICATION FORMS

(a) The **BLUE** Application Form will be rejected by the Company if:

- the **BLUE** Application Form is not completed in accordance with the instructions as stated in the **BLUE** Application Form;
- the **BLUE** Application Form has not been duly signed (only written signatures are acceptable) (or in the case of a joint application, not all applicants have signed);
- in respect of applicants who are corporate entities, the **BLUE** Application Form has not been duly signed (only written signature is acceptable) by an authorized officer or affixed with a company chop;
- the check/banker's cashier order/**BLUE** Application Form is defective;
- the **BLUE** Application Form for either Reserved Shares pursuant to the Assured Entitlement or excess Reserved Shares is not accompanied with a check/banker's cashier order or is accompanied by more than one check/banker's cashier order for each of the application for Assured Entitlement and excess application for Reserved Shares;
- the account name on the check/banker's cashier order is not pre-printed or certified by the issuing bank;

- the check/banker's cashier order is not drawn on a Hong Kong dollar bank account in Hong Kong;
- the name of the payee indicated on the check/banker's cashier order is not "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — SHANGHAI MICROPORT MEDBOT PREFERENTIAL OFFER**";
- the check has not been crossed "Account Payee Only";
- the check was post-dated;
- the applicant's payment is not made correctly or if the applicant pays by check or banker's cashier order the check or banker's cashier order is dishonored on its first presentation;
- the applicant's name/the first applicant's name on the joint application is not the same as the name pre-printed or certified/endorsed by the drawee bank on the check/banker's cashier order;
- any alteration(s) to the application details on the **BLUE** Application Form has or have not been authorized by the signature(s) of the applicant(s);
- the Company believes that by accepting the application, the Company would violate the applicable securities or other laws, rules or regulations of the jurisdiction where the **BLUE** Application Form is received or where the applicant's address is located; or
- the Company and the Joint Global Coordinators, and their respective agents or nominees, exercise their discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

(b) If you are applying by using the **BLUE** Application Form for Assured Entitlement, you may apply for a number of Reserved Shares pursuant to your Assured Entitlement that is equal to or less than the number stated in Box B in the **BLUE** Application Form. If you intend to apply for a number of Reserved Shares that is less than your Assured Entitlement, you MUST apply for a number which is one of the numbers set out in the table in the **BLUE** Application Form and make a payment of the corresponding amount (other than HKSCC Nominees). You need to complete and sign the **BLUE** Application Form for Assured Entitlement and submit one check (or banker's cashier order) for the exact amount of remittance printed in Box B in the **BLUE** Application Form or the corresponding amount payable as set out in the table in the **BLUE** Application Form.

(c) If you are applying by using the **BLUE** Application Form for excess Reserved Shares, you MUST apply for a number which is one of the numbers set out in the table in the **BLUE** Application Form and make a payment of the corresponding amount (other than HKSCC Nominees). You need to complete and sign the **BLUE** Application Form for excess Reserved Shares and submit one separate check (or banker's cashier order) for the exact amount of remittance.

(d) If you intend to apply for both Reserved Shares pursuant to your Assured Entitlement and excess Reserved Shares, you must submit both the **BLUE** Application Form for Assured Entitlement and the **BLUE** Application Form for excess Reserved Shares. Each **BLUE** Application Form must be accompanied by a separate check (or banker's cashier order) for the exact amount of remittance.

5. WHEN MAY APPLICATIONS BE MADE

(a) Applications on BLUE Application Form(s)

Your completed **BLUE** Application Form, together with a check or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — SHANGHAI MICROPORT MEDBOT PREFERENTIAL OFFER**" for the payment, should be deposited in the special collection box provided at Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at the following times:

Thursday, October 21, 2021 — 9:00 a.m. to 4:30 p.m.

Friday, October 22, 2021 — 9:00 a.m. to 4:30 p.m.

Monday, October 25, 2021 — 9:00 a.m. to 4:30 p.m.

Tuesday, October 26, 2021 — 9:00 a.m. to 12:00 noon

Completed **BLUE** Application Forms, together with payment attached, must be lodged by 12:00 noon on Tuesday, October 26, 2021, the last day for applications, or such later time as described below in the section headed "— D. Effect of Bad Weather on the Opening and Closing of the Application Lists".

(b) Application Lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, October 26, 2021, the last day for applications, or such later time as described in the section headed "—D. Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

6. HOW MANY APPLICATIONS MAY BE MADE

You should refer to the section headed "— A. Applications for Hong Kong Offer Shares — 8. How Many Applications Can You Make" above for the situations where you may make an application for Hong Kong Offer Shares under the Hong Kong Public Offering in addition to application(s) for Reserved Shares under the Preferential Offering.

7. ADDITIONAL TERMS AND CONDITIONS AND INSTRUCTIONS

You should refer to the **BLUE** Application Form for details of the additional terms and conditions and instructions which apply to applications for Reserved Shares.

C. HOW MUCH ARE THE HONG KONG OFFER SHARES AND THE RESERVED SHARES

The maximum Offer Price is HK$43.20 per Offer Share. You must pay the maximum Offer Price, brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of

0.005% in full upon application for the Hong Kong Offer Shares or Reserved Shares under the terms set out in the Application Forms. This means that for one board lot of 500 Hong Kong Offer Shares or one board lot of 500 Reserved Shares, you will pay HK$21,817.66.

The Application Forms have tables showing the exact amount payable for the number of Offer Shares that may be applied for.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for H Shares under the terms set out in the Application Forms.

You may submit an application through the **White Form eIPO** service in respect of a minimum of 500 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the section headed "— 3. Applying for Hong Kong Offer Shares — Minimum Application Amount and Permitted Numbers" above, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see "Structure of the Global Offering—Pricing and Allocation."

D. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, October 26, 2021. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, October 26, 2021 or if there is/are a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in "Expected Timetable," an announcement will be made in such event.

E. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Preferential Offering and the basis of allocation of the Hong Kong Offer Shares and the Reserved Shares on Monday, November 1, 2021 on the Company's website at **www.medbotsurgical.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering and the Preferential Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.medbotsurgical.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Monday, November 1, 2021;
- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Monday, November 1, 2021 to 12:00 midnight on Sunday, November 7, 2021; and
- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from Monday, November 1, 2021 to Thursday, November 4, 2021.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

F. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

(i) If your application is revoked:

By giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allocation of Hong Kong Offer Shares and/or Reserved Shares is void:

The allocation of Hong Kong Offer Shares and/or Reserved Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications (other than an application (if any) made on the **BLUE** Application Form in your capacity as a Qualifying MicroPort Shareholder);
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares (except in respect of the Reserved Shares applied for pursuant to the Preferential Offering);
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;
- your payment is not made correctly or the check or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

G. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$43.20 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the check or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Monday, November 1, 2021.

H. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made by electronic application instructions to HKSCC via CCASS where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application. If you apply by **BLUE** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- H Share certificate(s) for all the Hong Kong Offer Shares allocated to you; and
- refund check(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares and/or Reserved Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund check, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund check(s).

Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund check(s).

Subject to arrangement on despatch/collection of H Share certificates and refund monies as mentioned below, any refund checks and H Share certificates are expected to be posted on or before Monday, November 1, 2021. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

H Share certificates will only become valid at 8:00 a.m. on Tuesday, November 2, 2021 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a BLUE Application Form

If you apply for 1,000,000 or more Reserved Shares on a **BLUE** Application Form and have provided all information required by your Application Form, you may collect your refund check(s) and/or H Share certificate(s) from the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, November 1, 2021 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

If you do not collect your refund check(s) and/or H Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Reserved Shares on a **BLUE** Application Form, your refund check(s) and/or H Share certificate(s) will be sent to the address on the relevant Application Form on or before Monday, November 1, 2021, by ordinary post and at your own risk.

(ii) If you apply through the White Form eIPO Service

If you apply for (a) 1,000,000 or more Hong Kong Offer Shares through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your H Share certificate(s) from The H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, November 1, 2021, or such other date as notified by the Company in the newspapers as the date of despatch/collection of H Share certificates/e-Refund payment instructions/ refund checks.

If you do not collect your H Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares through the **White Form eIPO** service, your H Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Monday, November 1, 2021 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions.

If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

(iii) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of H Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, November 1, 2021, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allocation of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Monday, November 1, 2021. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, November 1, 2021 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, November 1, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, November 1, 2021.

I. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day.

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

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the H Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-59, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI MICROPORT MEDBOT (GROUP) CO., LTD. AND J.P. MORGAN SECURITIES (FAR EAST) LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Shanghai MicroPort MedBot (Group) Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-59, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2019 and 2020 and 30 June 2021 and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2019 and 2020 and the six months ended 30 June 2021 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-59 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 21 October 2021 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants'

judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2019 and 2020 and 30 June 2021 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2020 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 26 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
21 October 2021

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所（特殊普通合夥）上海分所) in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand yuan (RMB'000) except when otherwise indicated.

Consolidated statements of profit or loss

(Expressed in Renminbi)

	Note	Years ended 31 December		Six months ended 30 June	
		2019	2020	2020	2021
		RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue		–	–	–	–
Cost of sales		–	–	–	–
Gross profit		–	–	–	–
Other net income	5	3,273	9,777	821	15,758
Research and development costs		(61,881)	(135,378)	(40,543)	(160,072)
Selling and marketing expenses		–	(2,693)	(861)	(14,657)
Administrative expenses		(10,662)	(26,884)	(8,180)	(52,471)
Fair value changes in financial instruments	27(e)	–	(3,250)	–	(5,196)
Other operating costs	6(c)	–	–	–	(14,774)
Loss from operations		(69,270)	(158,428)	(48,763)	(231,412)
Finance costs	6(a)	(531)	(49,187)	(203)	(705)
Share of losses of equity-accounted investees		–	(1,675)	–	(10,443)
Loss before taxation	6	(69,801)	(209,290)	(48,966)	(242,560)
Income tax	7(a)	–	–	–	–
Loss for the year/period		(69,801)	(209,290)	(48,966)	(242,560)
Attributable to:					
Equity shareholders of the Company		(69,801)	(208,874)	(48,966)	(241,965)
Non-controlling interests		–	(416)	–	(595)
Loss for the year/period		(69,801)	(209,290)	(48,966)	(242,560)
Loss per share (RMB)	10				
Basic and diluted (RMB)		(0.11)	(0.27)	(0.07)	(0.27)

Consolidated statements of profit or loss and other comprehensive income

(Expressed in Renminbi)

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss for the year/period	(69,801)	(209,290)	(48,966)	(242,560)
Other comprehensive income for the year/period, net of nil tax				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of foreign subsidiaries, net of nil tax	–	(5,256)	–	(1,428)
Other comprehensive income for the year/period	–	(5,256)	–	(1,428)
Total comprehensive income for the year/period	(69,801)	(214,546)	(48,966)	(243,988)
Attributable to:				
Equity shareholders of the Company	(69,801)	(214,130)	(48,966)	(243,393)
Non-controlling interests	–	(416)	–	(595)
Total comprehensive income for the year/period	(69,801)	(214,546)	(48,966)	(243,988)

Consolidated statements of financial position

(Expressed in Renminbi)

	Note	31 December 2019	31 December 2020	30 June 2021
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	14,443	38,710	87,844
Intangible assets	12	337	565	873
Prepayments		456	1,260	2,454
Goodwill	13	–	1,482	1,482
Equity-accounted investees	14	–	85,430	123,970
Derivative financial assets	27(e)	–	12,676	–
Other financial assets	15	–	38,366	85,392
Other non-current assets	16	6,872	10,815	57,476
		22,108	189,304	359,491
Current assets				
Derivative financial assets	27(e)	–	–	9,562
Inventories	17	–	–	56,260
Other receivables	18	1,334	16,742	37,867
Pledged deposits		285	982	3,397
Cash and cash equivalents	19	54,708	1,497,326	986,154
		56,327	1,515,050	1,093,240
Current liabilities				
Trade and other payables	20	35,728	221,620	121,175
Lease liabilities	21	5,571	7,288	14,002
		41,299	228,908	135,177
Net current assets		15,028	1,286,142	958,063
Total assets less current liabilities		37,136	1,475,446	1,317,554
Non-current liabilities				
Lease liabilities	21	6,347	11,593	32,838
Deferred income	23	4,378	22,401	22,401
		10,725	33,994	55,239
NET ASSETS		26,411	1,441,452	1,262,315
CAPITAL AND RESERVES				
Paid-in capital	26	35,077	–	–
Share capital	26	–	900,000	916,964
Reserves		(8,666)	542,856	347,350
Total equity attributable to equity shareholders of the Company		26,411	1,442,856	1,264,314
Non-controlling interests		–	(1,404)	(1,999)
TOTAL EQUITY		26,411	1,441,452	1,262,315

Statements of financial position

(Expressed in Renminbi)

	Note	31 December 2019	31 December 2020	30 June 2021
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	14,443	32,551	77,456
Intangible assets	12	337	565	848
Prepayments		456	1,125	1,702
Investments in subsidiaries		–	123,599	283,539
Equity-accounted investees	14	–	–	43,740
Other non-current assets	16	6,872	10,264	52,384
		22,108	168,104	459,669
Current assets				
Inventories	17	–	–	43,520
Other receivables	18	2,852	15,524	48,494
Pledged deposits		285	793	2,014
Cash and cash equivalents		54,650	1,493,998	951,066
		57,787	1,510,315	1,045,094
Current liabilities				
Trade and other payables	20	29,423	170,966	106,872
Lease liabilities	21	5,571	5,636	11,940
		34,994	176,602	118,812
Net current assets		22,793	1,333,713	926,282
Total assets less current liabilities		44,901	1,501,817	1,385,951
Non-current liabilities				
Lease liabilities	21	6,347	8,755	29,862
Deferred income	23	4,378	15,271	15,271
		10,725	24,026	45,133
NET ASSETS		34,176	1,477,791	1,340,818
CAPITAL AND RESERVES				
Paid-in capital	26	35,077	–	–
Share capital	26	–	900,000	916,964
Reserves		(901)	577,791	423,854
TOTAL EQUITY		34,176	1,477,791	1,340,818

Consolidated statements of changes in equity

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company									
	Note	Paid-in capital	Capital reserve	Share capital	Share premium	Other reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019		29,670	32,004	–	–	25,986	–	(74,397)	13,263	–	13,263
Changes in equity for 2019:											
Loss for the year		–	–	–	–	–	–	(69,801)	(69,801)	–	(69,801)
Other comprehensive income		–	–	–	–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	–	(69,801)	(69,801)	–	(69,801)
Capital contributions by investors	26(b)	5,407	75,063	–	–	–	–	–	80,470	–	80,470
Equity-settled share-based transactions	25	–	2,479	–	–	–	–	–	2,479	–	2,479
Balance at 31 December 2019 and 1 January 2020		35,077	109,546	–	–	25,986	–	(144,198)	26,411	–	26,411
Changes in equity for 2020:											
Loss for the year		–	–	–	–	–	–	(208,874)	(208,874)	(416)	(209,290)
Other comprehensive income		–	–	–	–	–	(5,256)	–	(5,256)	–	(5,256)
Total comprehensive income		–	–	–	–	–	(5,256)	(208,874)	(214,130)	(416)	(214,546)
Changes in equity interests of non–controlling shareholders of subsidiaries	13	–	–	–	–	–	–	–	–	(988)	(988)
Capital contributions by investors	26(b)	7,251	53,479	–	–	–	–	–	60,730	–	60,730
Capital contributions by investors with preferred rights	26(b)	3,041	1,505,479	–	–	–	–	–	1,508,520	–	1,508,520
Recognition of financial instruments with preferred rights	24	–	–	–	–	(3,508,520)	–	–	(3,508,520)	–	(3,508,520)
Termination of financial instruments with preferred rights	24	–	–	–	–	3,557,148	–	–	3,557,148	–	3,557,148
Conversion into a joint stock company	26(c)	(45,369)	(1,665,401)	900,000	618,752	(25,986)	–	218,004	–	–	–
Equity-settled share-based transactions	25	–	12,697	–	–	–	–	–	12,697	–	12,697
Balance at 31 December 2020 and 1 January 2021		–	15,800	900,000	618,752	48,628	(5,256)	(135,068)	1,442,856	(1,404)	1,441,452
Changes in equity for the six months ended 30 June 2021:											
Loss for the period		–	–	–	–	–	–	(241,965)	(241,965)	(595)	(242,560)
Other comprehensive income		–	–	–	–	–	(1,428)	–	(1,428)	–	(1,428)
Total comprehensive income		–	–	–	–	–	(1,428)	(241,965)	(243,393)	(595)	(243,988)
Issuance of shares	26(c)	–	–	16,964	11,686	–	–	–	28,650	–	28,650
Equity-settled share-based transactions	25	–	36,201	–	–	–	–	–	36,201	–	36,201
Balance at 30 June 2021		–	52,001	916,964	630,438	48,628	(6,684)	(377,033)	1,264,314	(1,999)	1,262,315
Unaudited:											
Balance at 31 December 2019 and 1 January 2020		35,077	109,546	–	–	25,986	–	(144,198)	26,411	–	26,411
Changes in equity for the six months ended 30 June 2020 (unaudited):											
Loss for the period		–	–	–	–	–	–	(48,966)	(48,966)	–	(48,966)
Other comprehensive income		–	–	–	–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	–	(48,966)	(48,966)	–	(48,966)
Capital contribution by investors		2,022	44,218	–	–	–	–	–	46,240	–	46,240
Equity-settled share-based transactions		–	2,031	–	–	–	–	–	2,031	–	2,031
Balance at 30 June 2020		37,099	155,795	–	–	25,986	–	(193,164)	25,716	–	25,716

Consolidated statements of cash flows

(Expressed in Renminbi)

	Note	Years ended 31 December		Six months ended 30 June	
		2019	2020	2020	2021
		RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Operating activities					
Loss before taxation		(69,801)	(209,290)	(48,966)	(242,560)
Adjustments for:					
Amortisation and depreciation	6(d)	3,140	4,457	1,649	6,278
Finance costs		520	49,129	193	649
Interest income		(1,045)	(3)	(3)	–
Changes in fair value of financial instruments at fair value through profit or loss	27(e)	–	3,250	–	5,196
Net loss on disposal of property, plant and equipment		–	10	8	–
Share of losses of equity-accounted investees		–	1,675	–	10,443
Equity-settled share-based payment	25	2,978	15,782	5,116	36,201
Changes in working capital:					
Increase in inventories		–	–	–	(56,260)
(Increase)/decrease in other receivables		(942)	(16,105)	56	(23,540)
Increase in trade and other payables		16,869	33,973	1,360	37,895
Increase in deferred income		2,498	18,023	8,352	–
(Increase)/decrease in other non-current assets		(2,913)	(3,943)	335	(11,282)
Net cash used in operating activities		(48,696)	(103,042)	(31,900)	(236,980)
Investing activities					
Payments for the purchase of property, plant and equipment		(3,660)	(14,554)	(3,528)	(20,324)
Payments for intangible assets		(9)	(457)	(97)	(504)
Interest received		392	3	3	–
Payments for the investments in equity-accounted investees	14	–	–	–	(156,533)
Payments for the investments in other financial assets	15	–	–	–	(86,772)
Loans to a related party	29(c)(ii)	(12,440)	(70,414)	(5,418)	–
Loans repaid by a related party	29(c)(ii)	42,440	70,414	5,598	–
Net cash generated from/(used in) investing activities		26,723	(15,008)	(3,442)	(264,133)
Financing activities					
Capital element of lease rentals paid	19(b)	–	(4,446)	(2,855)	(2,748)
Interest element of lease rentals paid	19(b)	–	(434)	(209)	(582)
Lease deposits paid	19(c)	–	–	–	(35,379)
Loans from related parties	19(b)	170	–	–	–
Repayments of interest-bearing borrowings and loans from related parties	19(b)	(10,000)	(3,670)	(170)	–
Interest paid for interest-bearing borrowings and loans from related parties	19(b)	(9)	(32)	–	–
Capital contributions by investors	26	80,470	60,730	46,240	28,650
Capital contributions by investors with preferred rights	26	–	1,508,520	–	–
Interest received		653	–	–	–
Net cash generated from / (used in) financing activities		71,284	1,560,668	43,006	(10,059)
Net increase / (decrease) in cash and cash equivalents		49,311	1,442,618	7,664	(511,172)
Cash and cash equivalents at the beginning of the year/period		5,397	54,708	54,708	1,497,326
Cash and cash equivalents at the end of the year/period		54,708	1,497,326	62,372	986,154

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Shanghai MicroPort MedBot (Group) Co., Ltd. (the "Company") (上海微创医疗机器人(集团)股份有限公司), formerly known as MicroPort MedBot (Shanghai) Co., Ltd. (微創 (上海) 醫療機器人有限公司), was established in Shanghai, People's Republic of China (the "PRC") on 11 May 2015 as a limited liability company. Upon the approval by the Company's shareholder's meeting held on 30 December 2020, the Company was converted from a limited liability company into a joint stock limited liability company and changed its registered name from MicroPort MedBot (Shanghai) Co., Ltd. to Shanghai MicroPort MedBot (Group) Co., Ltd.

During the Relevant Periods, the Company and its subsidiaries (together, "the Group") are principally engaged in the research and development, manufacturing and sale of surgical robots.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The statutory financial statements of the Company for the years ended 31 December 2019 and 2020 were prepared in accordance with the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the PRC.

During the Relevant Periods, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

Name of company	Place and date of incorporation/ establishment	Particulars of issued and paid-in capital	Proportion of ownership interest		Principal activities
			Directly held by the Company	Indirectly held by the Company	
Suzhou MicroPort OrthoBot Co., Ltd. (蘇州微創暢行機器人有限公司) (a) (b) (f)	The PRC 2 July 2019	RMB10,000,000 / RMB10,000,000	100%	–	Research and development, the manufacturing and sale of surgical robots
1.1 Medical (Beijing) Health Technology Co., Ltd. (易達醫(北京) 健康科技有限公司) (a) (c)	The PRC 20 September 2019	RMB10,000,000 / RMB6,000,000	60%	–	Sale of surgical robots
MicroPort Medical Corp. Limited (d) (e)	Hong Kong 2 April 2012	EUR13,569,732 / EUR13,569,732	100%	–	Investment holding
MicroPort InterBot Limited (g)	British Virgin Islands 26 November 2020	USD1 / USD1	100%	–	Investment holding
MicroPort NaviBot International Co. Limited (e)	Hong Kong 31 March 2020	RMB100,000 / RMB100,000	–	100%	Investment holding
MicroPort NaviBot International LLC (g)	United States 2 April 2020	RMB100,000 / RMB65,078	–	100%	Research and development, the manufacturing and sale of surgical robots
Shanghai Microport Shuzhi Technology Co., Ltd.（上海微創樞知科技有限公司）(a)	The PRC 28 April 2021	RMB1,000,000 / RMB0	100%	–	Research and development, the manufacturing and sale of surgical robots

Notes:

(a) The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.

(b) The statutory financial statements of the entity for the year ended 31 December 2019 were audited by Shanghai Huidecheng Certified Public Accountants (General Partnership) 上海匯德成會計師事務所（普通合夥）.

(c) The statutory financial statements of the entity for the year ended 31 December 2020 were audited by Shanghai Wenhui Certified Public Accountants Co., Limited 上海文會會計師事務所有限公司. No statutory financial statements were prepared for the year ended 31 December 2019.

(d) The statutory financial statements of the entity for the year ended 31 December 2019 were audited by KPMG 畢馬威會計師事務所.

(e) The statutory financial statements of the entity for the year ended 31 December 2020 were audited by KPMG 畢馬威會計師事務所.

(f) The statutory financial statements of the entity for the year ended 31 December 2020 were audited by KPMG Huazhen LLP Shanghai Branch 畢馬威華振會計師事務所 (特殊普通合夥) 上海分所.

(g) No audited statutory financial statements were available for these entities for the year ended 31 December 2020.

All companies comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the "HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the "HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the significant accounting policies adopted are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised HKFRSs to the Relevant Periods. The accounting policies set out in Note 2 have been applied consistently throughout the Relevant Periods and the Group has not adopted any new standards or interpretations that are effective for the accounting periods beginning on or after 1 January 2021, except for Amendments to HKFRS 16, *Covid-19-Related Concessions* which has been early adopted on 1 January 2020. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in Note 31.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

As the Group's operation are primarily located in the PRC and most of the Group's transactions are conducted and denominated in Renminbi ("RMB"), which is the functional currency of the Company, the Historical Financial Information is presented in RMB, rounded to the nearest thousand, unless otherwise stated.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- Investments in equity securities (see Note 2(f)); and
- Derivative financial instruments (see Note 2(g))

(b) Use of estimates and judgements

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Note 2(q) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 2(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(k)(ii), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) .

(d) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or a joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(k)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year/period are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the expected credit losses ("ECL") model to such other long-term interests where applicable (see Note 2(k)(i))).

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(f)).

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(k)(ii)).

On disposal of a cash generating unit during the year/period, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 27(e). These investments are subsequently accounted for as follows, depending on their classification.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(u)(iii).

(g) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(h) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(j)) are stated at cost less accumulated depreciation and impairment losses (see Note 2(k)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(w)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Leasehold improvements are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being 3 to 6 years from the date of completion;
- Equipment and machinery 3 to 10 years
- Office equipment, furniture and fixtures 3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(i) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see Note 2(w)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(k)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(k)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- Software 2 to 3 years

Both the period and method of amortisation are reviewed annually.

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(h) and 2(k)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, pledged deposits and other receivables);

Other financial assets measured at fair value, including equity securities measured at FVPL and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for other receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increase in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held)); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(u)(i) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible assets;
- goodwill;
- investments in associates and joint ventures; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years/periods. Reversals of impairment losses are credited to profit or loss in the year/period in which the reversals are recognised.

(l) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in-first-out formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including allowance for credit losses (see Note 2(k)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(k)(i).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Financial instruments with preferred rights

A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount. Even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem, the financial instruments with preferred rights are recognised as financial liability initially at the present value of the redemption amount and subsequently measured at amortised cost with interest included in finance costs.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The carrying amount of the financial instruments derecognised was credited into the equity.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expenses is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(w)).

(r) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year/period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of equity-settled share-based payment awards granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial tree model and Black-Scholes model, taking into account the terms and conditions upon which the equity-settled share-based payment awards were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the equity-settled share-based payment awards, the total estimated fair value of the equity-settled share-based payment awards is spread over the vesting period, taking into account the probability that the equity-settled share-based payment awards will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years/periods is charged / credited to the profit or loss for the year/period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(s) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years/periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(u) Other income

(i) Interest income

Interest income is recognised as it accrues using the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(k)(i)).

(ii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently recognised in profit or loss on a systematic basis over the useful life of the asset.

(iii) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Translation of foreign currencies

Foreign currency transactions during the year/period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

Research and development expenses

Development expenses incurred on the Group's pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalisation. During the Track Record Period, the Group's development expenditures incurred did not meet these capitalisation principles for any products and were expensed as incurred.

(b) Sources of estimation uncertainty

Notes 25 and 27(e) contains information about the assumptions and risk factors relating to fair value of equity-settled share-based transactions and financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expenses to be recorded during the Relevant Periods. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimates.

(ii) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The management carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered periodically to take into account changes in tax legislations. Deferred tax assets are recognised for deductible temporary differences and cumulative tax losses.

As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(iii) Determining the lease term

As explained in policy Note 2(j), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

4 Segment reporting

(a) Segment information

For the purpose of resource allocation and performance assessment, the Group's chief executive officer, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

(b) Geographical information

The following table sets out information about the geographical location of the Group's non-current assets. The geographical location of the non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in case of intangible assets and goodwill, and the location of operations, in case of investments in equity-accounted investees.

Non-current assets

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
The PRC (place of domicile)	22,108	52,832	193,869
Europe	–	85,430	80,230
	22,108	138,262	274,099

5 OTHER NET INCOME

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest income on financial assets measured at amortised cost	1,066	8,088	68	12,367
Government grants (Note)	2,206	2,290	667	407
Net foreign exchange gain/(loss)	1	(676)	9	2,983
Others	–	75	77	1
	3,273	9,777	821	15,758

Note: Government grants recognised in "other net income" included unconditional grants of RMB2,206,000, RMB970,000, RMB667,000 (unaudited) and RMB47,000 for the years ended 31 December 2019 and 2020 and for the six months ended 30 June 2020 and 2021 respectively to compensate the Group for its research and development activities and conditional grants of RMB1,320,000 and RMB360,000 transferred from deferred income as the conditions attaching to the grant were achieved during the year ended 31 December 2020 and the six months ended 30 June 2021 respectively (Note 23).

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on interest-bearing borrowings and loans from related parties (Note 19(b))	67	32	–	–
Interest on lease liabilities (Note 19(b))	453	469	193	649
Interest on financial instruments with preferred rights (Note 24)	–	48,628	–	–
Total interest expense on financial liabilities not at fair value through profit or loss	520	49,129	193	649
Others	11	58	10	56
	531	49,187	203	705

(b) Staff costs

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Equity-settled share-based payment costs (Note 25)	2,978	15,782	5,116	36,201
Contributions to defined contribution retirement plans (Note)	3,080	377	362	7,828
Salaries, wages and other benefits	33,670	60,693	23,188	76,023
	39,728	76,852	28,666	120,052

Note: Employees of the Company and its PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Company and its PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

(c) Other operating costs

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Listing expenses	–	–	–	14,774

(d) Other items

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Amortisation of intangible assets (Note 12)	203	229	111	196
Depreciation of property, plant and equipment (Note 11)	1,112	1,664	628	1,744
Depreciation of right-of-use assets (Note 11)	1,825	2,564	910	4,338
Auditors' remuneration	12	730	-	2,058
Research and development costs	61,881	135,378	40,543	160,072

During the years ended 31 December 2019 and 2020 and the six months ended 30 June 2020 and 2021, research and development expenses include staff costs and depreciation expenses of RMB34,400,000, RMB63,163,000, RMB22,052,000 (unaudited) and RMB89,188,000, respectively, which are included in the respective total amounts disclosed separately above.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current tax – PRC Corporate Income Tax ("CIT")				
Provision for the year/period	–	–	–	–
	–	–	–	–
Current tax – Overseas				
Provision for the year/period	–	–	–	–
	–	–	–	–

(i) PRC CIT

Pursuant to the CIT Law of the PRC, the Company and its PRC subsidiaries are liable to PRC CIT at a rate of 25%.

According to the new tax incentives policies promulgated by the State Tax Bureau of the PRC in September 2018 and March 2021, effective for the period from 1 January 2018 to 31 December 2023, an additional 75% of qualified research and development expenses incurred is allowed to be deducted from the taxable income.

(ii) Hong Kong profits tax

The Company's subsidiaries incorporated in Hong Kong is subject to Hong Kong profits tax at 16.5% of the estimated assessable profits. No provision for Hong Kong profit tax has been made for the Relevant Periods as there are no assessable profits during the Relevant Periods.

(iii) British Virgin Islands tax

Pursuant to the rules and regulations of British Virgin Islands, the Company's subsidiary located in the British Virgin Islands is not subject to any income tax in the jurisdiction.

(iv) US corporate tax

The Company's subsidiary incorporated in the US is taxed at a federal corporate tax rate of 21% plus a California state tax rate of 8.84%.

(b) Reconciliation between income tax expense and accounting loss at applicable tax rates:

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss before taxation	(69,801)	(209,290)	(48,966)	(242,560)
Notional tax on loss before taxation, calculated at the rates applicable to loss in the countries concerned	(17,450)	(52,323)	(12,242)	(60,640)
Effect of other non-deductible expenses	3,591	19,127	1,420	6,808
Effect of additional deduction on research and development expenses	(7,929)	(18,461)	(6,465)	(24,093)
Effect of deductible temporary differences not recognised	160	1,999	209	437
Effect of tax losses not recognised	21,628	49,658	17,078	77,488
Actual tax expenses	–	–	–	–

8 DIRECTORS' EMOLUMENTS

Details of directors' emoluments during the Relevant Periods are as follows:

	Year ended 31 December 2019					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and non-executive director						
Qiyi Luo (a)	–	–	–	–	–	–
Executive director						
Chao He (b)	–	480	–	–	1,146	1,626
Non-executive director						
Yimin Xu (c)	–	–	–	–	–	–
	–	480	–	–	1,146	1,626

	Year ended 31 December 2020					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and non-executive directors						
Qiyi Luo (a)	–	–	–	–	–	–
Hongbin Sun (d)	–	–	–	–	559	559
Executive director						
Chao He (b)	–	480	–	–	4,679	5,159
Non-executive directors						
Yimin Xu (c)	–	–	–	–	–	–
Xin Sun (e)	–	–	–	–	–	–
Chen Chen (e)	–	–	–	–	–	–
Shasha Meng (f)	–	–	–	–	–	–
Lin Wang (g)	–	–	–	–	–	–
Independent non-executive directors						
Zengbiao Yu (h)	–	–	–	–	–	–
Minghua Li (h)	–	–	–	–	–	–
Haisong Yao (h)	–	–	–	–	–	–
Supervisors						
Shuai Yuan (j)	–	–	–	–	–	–
Lihong Zhang (j)	–	–	–	–	–	–
Jie Zhang (j)	–	–	–	–	–	–
	–	480	–	–	5,238	5,718

	Six months ended 30 June 2021					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and non-executive director						
Hongbin Sun (d)	–	–	–	–	2,040	2,040
Executive director						
Chao He (b)	–	240	1,000	–	11,472	12,712
Non-executive directors						
Xin Sun (e)	–	–	–	–	–	–
Chen Chen (e)	–	–	–	–	–	–
Shasha Meng (f)	–	–	–	–	–	–
Lin Wang (g)	–	–	–	–	–	–
Independent non-executive directors						
Zengbiao Yu (h)	60	–	–	–	–	60
Minghua Li (h)	60	–	–	–	–	60
Haisong Yao (h)	60	–	–	–	–	60
Kit Ying Lee (i)	–	–	–	–	–	–
Supervisors						
Shuai Yuan (j)	–	117	86	–	2,038	2,241
Lihong Zhang (j)	–	–	–	–	–	–
Jie Zhang (j)	–	–	–	–	–	–
	180	357	1,086	–	15,550	17,173

	Six months ended 30 June 2020 (Unaudited)					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and non-executive directors						
Qiyi Luo (a)	–	–	–	–	–	–
Hongbin Sun(d)	–	–	–	–	–	–
Executive director						
Chao He (b)	–	240	–	–	3,877	4,117
Non-executive director						
Yimin Xu (c)	–	–	–	–	–	–
	–	240	–	–	3,877	4,117

Notes:

(a) Qiyi Luo was appointed as director and chairman of the Company on 27 October 2017 and resigned on 2 April 2020.

(b) Chao He was appointed as director of the Company on 18 October 2017 and re-designated as executive director in June 2021. He was key management personnel of the Group and his remuneration disclosed above include those for services rendered by him as key management personnel.

(c) Yimin Xu was appointed as director of the Company on 27 October 2017 and resigned on 11 November 2020.

(d) Hongbin Sun was appointed as director and chairman of the Company on 3 April 2020 and re-designated as non-executive director in June 2021.

(e) Xin Sun and Chen Chen were appointed as directors of the Company on 17 September 2020 and re-designated as non-executive directors in June 2021.

(f) Shasha Meng was appointed as director of the Company on 12 November 2020 and resigned in June 2021.

(g) Lin Wang was appointed as director of the Company on 30 December 2020 and resigned in June 2021.

(h) Zengbiao Yu, Minghua Li and Haisong Yao were appointed as independent non-executive directors of the Company on 30 December 2020. Zengbiao Yu resigned in June 2021.

(i) Kit Ying Lee was appointed as independent non-executive director of the Company on 30 June 2021.

(j) Shuai Yuan, Lihong Zhang and Jie Zhang were appointed as supervisors of the Company on 30 December 2020.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments of the Group for the years ended 31 December 2019 and 2020 and for the six months ended 30 June 2020 (unaudited) and 2021, one, one, one and three individuals' emoluments are disclosed in Note 8 and the emoluments in respect of the remaining four, four, four and two individuals during the Relevant Periods are as follows:

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries and other benefits	914	1,592	532	637
Discretionary bonuses	231	174	292	100
Equity-settled share-based payment	733	5,073	444	9,152
	1,878	6,839	1,268	9,889

The emoluments of the individuals who are not director and with the highest emoluments are within the following bands:

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	Number of Individuals	Number of Individuals	Number of Individuals (Unaudited)	Number of Individuals
Nil to HK$ 1,000,000	4	1	4	–
HK$ 1,000,001 to HK$ 1,500,000	–	1	–	–
HK$ 1,500,001 to HK$ 2,000,000	–	1	–	–
HK$ 3,500,001 to HK$ 4,000,000	–	1	–	–
HK$ 5,000,001 to HK$ 5,500,000	–	–	–	1
HK$ 6,500,001 to HK$ 7,000,000	–	–	–	1

10 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss of the Group attributable to owners of the Company by weighted average number of ordinary shares issued during the Relevant Periods.

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
			(Unaudited)	
Loss for the year/period attributable to equity shareholders of the Company (in RMB'000)	(69,801)	(202,898)	(48,966)	(241,965)
Weighted average number of ordinary shares in issue (in thousands)	618,443	755,626	705,121	909,372
Basic and diluted loss per share (in RMB)	(0.11)	(0.27)	(0.07)	(0.27)

(a) Loss for the year/period attributable to equity shareholders of the Company

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss for the year/period attributable to all equity shareholders of the Company	(69,801)	(208,874)	(48,966)	(241,965)
Allocation of loss for the period attributable to equity shareholders subject to preferred rights of the Company (Note 24)	–	5,976	–	–
Loss for the year/period attributable to equity shareholders of the Company for the purpose of basic loss per share	(69,801)	(202,898)	(48,966)	(241,965)

(b) The weighted average number of ordinary shares in issue before the conversion into a joint stock company was determined assuming the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:19.84 as upon conversion into joint stock company in December 2020.

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	'000	'000	'000 (Unaudited)	'000
Issued shares at the beginning of the year/period for the purposes of basic loss per share	588,580	695,834	695,834	900,000
Effect of capital contributions/subscriptions by investors	29,863	67,018	9,287	9,372
Effect of capital contributions by investors with preferred rights (Note 24)	–	16,735	–	–
Effect of financial instruments with preferred rights (Note 24)	–	(23,961)	–	–
Weighted average number of shares at the end of the year/period for the purpose of basic loss per share	618,443	755,626	705,121	909,372

(c) Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended 31 December 2019 and 2020 and for the six months ended 30 June 2020 (unaudited) and 2021, the Company had the share options and financial instruments with preferred rights which are potential ordinary shares. As the Group incurred losses for the years ended 31 December 2019 and 2020 and for the six months ended 30 June 2020 (unaudited) and 2021, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended 31 December 2019 and 2020 and for the six months ended 30 June 2020 (unaudited) and 2021 are the same as basic loss per share of the respective years/periods.

11 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

The Group

	Leasehold improvements	Equipment and machinery	Office equipment, furniture and fixtures	Right-of-use assets	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2019	988	4,303	1,093	9,128	–	15,512
Transfer from construction in progress	67	801	–	–	(868)	–
Additions	–	–	1,073	–	1,349	2,422
Disposals	–	–	(2)	–	–	(2)
At 31 December 2019 and 1 January 2020	1,055	5,104	2,164	9,128	481	17,932
Transfer from construction in progress	65	2,688	–	–	(2,753)	–
Additions through acquisition of a subsidiary	–	–	139	–	–	139
Additions	2,275	304	1,716	11,374	12,697	28,366
Disposals	–	–	(28)	–	–	(28)
At 31 December 2020 and 1 January 2021	3,395	8,096	3,991	20,502	10,425	46,409
Transfer from construction in progress	4,824	5,611	–	–	(10,435)	–
Transfer to intangible assets	–	–	–	–	(30)	(30)
Additions	8,048	–	7,755	31,044	8,399	55,246
At 30 June 2021	16,267	13,707	11,746	51,546	8,359	101,625
Accumulated depreciation and amortisation:						
At 1 January 2019	14	393	147	–	–	554
Charge for the year	325	495	292	1,825	–	2,937
Written back on disposals	–	–	(2)	–	–	(2)
At 31 December 2019 and 1 January 2020	339	888	437	1,825	–	3,489
Charge for the year	361	715	588	2,564	–	4,228
Written back on disposals	–	–	(18)	–	–	(18)
At 31 December 2020 and 1 January 2021	700	1,603	1,007	4,389	–	7,699
Charge for the period	624	549	571	4,338	–	6,082
At 30 June 2021	1,324	2,152	1,578	8,727	–	13,781
Net book value:						
At 31 December 2019	716	4,216	1,727	7,303	481	14,443
At 31 December 2020	2,695	6,493	2,984	16,113	10,425	38,710
At 30 June 2021	14,943	11,555	10,168	42,819	8,359	87,844

The Company

	Leasehold improvements	Equipment and machinery	Office equipment, furniture and fixtures	Right-of-use assets	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2019	988	4,303	1,093	9,128	–	15,512
Transfer from construction in progress	67	801	–	–	(868)	–
Additions	–	–	1,073	–	1,349	2,422
Disposals	–	–	(2)	–	–	(2)
At 31 December 2019 and 1 January 2020	1,055	5,104	2,164	9,128	481	17,932
Transfer from construction in progress	65	1,824	–	–	(1,889)	–
Additions	2,275	304	1,610	6,919	10,982	22,090
Disposals	–	–	(28)	–	–	(28)
At 31 December 2020 and 1 January 2021	3,395	7,232	3,746	16,047	9,574	39,994
Transfer from construction in progress	4,824	5,316	3,986	–	(14,126)	–
Additions	7,187	–	1,523	29,674	11,480	49,864
At 30 June 2021	15,406	12,548	9,255	45,721	6,928	89,858
Accumulated depreciation and amortisation:						
At 1 January 2019	14	393	147	–	–	554
Charge for the year	325	495	292	1,825	–	2,937
Written back on disposals	–	–	(2)	–	–	(2)
At 31 December 2019 and 1 January 2020	339	888	437	1,825	–	3,489
Charge for the year	361	715	580	2,316	–	3,972
Written back on disposals	–	–	(18)	–	–	(18)
At 31 December 2020 and 1 January 2021	700	1,603	999	4,141	–	7,443
Charge for the period	573	502	470	3,414	–	4,959
At 30 June 2021	1,273	2,105	1,469	7,555	–	12,402
Net book value:						
At 31 December 2019	716	4,216	1,727	7,303	481	14,443
At 31 December 2020	2,695	5,629	2,747	11,906	9,574	32,551
At 30 June 2021	14,133	10,443	7,786	38,166	6,928	77,456

(b) Right-of-use assets

The Group

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Properties leased for own use, carried at depreciated cost	7,303	16,113	42,819

The Company

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Properties leased for own use, carried at depreciated cost	7,303	11,906	38,166

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:				
Properties leased for own use	1,825	2,564	910	4,338
Interest on lease liabilities (Note 6(a))	453	469	193	649
Expense relating to short-term leases	–	–	–	425

During the year ended 31 December 2020 and the six months ended 30 June 2021, additions to the right-of-use assets of the Group were RMB11,374,000 and RMB31,044,000, respectively. There were no additions to the right-of-use assets during the year ended 31 December 2019.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in Notes 19(b), 27(b) and 28, respectively.

The Group leases warehouses and office buildings under leases expiring in no more than six years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments.

12 INTANGIBLE ASSETS

The Group

	Software
	RMB'000
Cost	
At 1 January 2019	597
Additions	9
At 31 December 2019 and 1 January 2020	606
Additions	457
At 31 December 2020 and 1 January 2021	1,063
Additions	504
At 30 June 2021	1,567
Accumulated amortisation	
At 1 January 2019	66
Amortisation charge for the year	203
At 31 December 2019 and 1 January 2020	269
Amortisation charge for the year	229
At 31 December 2020 and 1 January 2021	498
Amortisation charge for the period	196
At 30 June 2021	694
Net book value:	
At 31 December 2019	337
At 31 December 2020	565
At 30 June 2021	873

The Company

	Software
	RMB'000
Cost	
At 1 January 2019	597
Additions	9
At 31 December 2019 and 1 January 2020	606
Additions	457
At 31 December 2020 and 1 January 2021	1,063
Additions	474
At 30 June 2021	1,537
Accumulated amortisation	
At 1 January 2019	66
Amortisation charge for the year	203
At 31 December 2019 and 1 January 2020	269
Amortisation charge for the year	229
At 31 December 2020 and 1 January 2021	498
Amortisation charge for the period	191
At 30 June 2021	689
Net book value:	
At 31 December 2019	337
At 31 December 2020	565
At 30 June 2021	848

13 Goodwill

	RMB'000
Cost:	
At 1 January 2019, 31 December 2019 and 1 January 2020	–
Additions through acquisition of a subsidiary	1,482
At 31 December 2020, 1 January 2021 and 30 June 2021	1,482
Carrying amount:	
At 31 December 2019	–
At 31 December 2020	1,482
At 30 June 2021	1,482

In November 2020, the Group entered into a purchase agreement to acquire 60% equity interests in 1.1 Medical (Beijing) Health Technology Co., Ltd. ("1.1 Medical") at a total consideration of Nil. The acquisition was completed on 25 November 2020 when the Group obtained control of the operating and financial activities of 1.1 Medical. The following table summarises the consideration paid for 1.1 Medical, and the fair value of assets and liabilities assumed at the acquisition date.

	25 November 2020
	RMB'000
Cash and cash equivalents	402
Other receivables	488
Other current assets	1
Property, plant and equipment	139
Other payables	(3,500)
Total identifiable net liabilities at fair value	(2,470)
Less: non-controlling interests	988
Identifiable net liabilities acquired	(1,482)
Goodwill	1,482
Total purchase consideration	–

Impairment tests for cash-generating unit containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to country of operation as follows:

	31 December 2020	30 June 2021
	RMB'000	RMB'000
MedBot business	1,482	1,482
	1,482	1,482

The recoverable amount of the CGU is higher of the fair value less costs of disposals and the value in use. The key assumptions used for the calculation of the recoverable amount of the CGU were as follows:

	31 December 2020	30 June 2021
Compound revenue growth rate during the forecast period	59%	59%
Gross margin ratio	40%	40%
Steady growth rate used in the extrapolation period	3%	3%
Pre-tax discount rate	18%	18%

Management determined forecasted gross margin based on its expectations for market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

The estimated recoverable amount of the CGU in Medbot business exceeds their carrying amount as at 31 December 2020 and 30 June 2021 by approximately RMB65,930,000, RMB72,554,000 respectively ("**headroom**").

Considering there was still sufficient headroom based on the assessment, the directors does not believe that a reasonably possible change in key assumptions would cause the carrying amount of the CGU to exceed its respective recoverable amount.

The recoverable amount of the CGU would equal its carrying amount if there were following changes in key assumptions:

	31 December 2020	30 June 2021
Compound revenue growth rate during the forecast period	28%	27%
Gross margin ratio	27%	27%
Pre-tax discount rate	50%	57%

14 EQUITY-ACCOUNTED INVESTEES

The Group

The following list contains major associates and joint venture of the Group during the Relevant Periods, all of which are unlisted corporate entities whose quoted market price are not available:

Name of equity-accounted investees	Form of business structure	Place of incorporation and business	Particulars of issued and paid-in capital	Proportion of ownership interest as at 30 June 2021			Principal activity
				Group's effective interest	Held by the company	Held by a subsidiary	
Robocath SAS (Note i)	Incorporated	France	EUR399,277/ EUR399,277	16.03%	–	16.03%	Manufacturing, distribution, research and development of surgical robot devices
Shanghai Targbot Medtech Limited 上海術航機器人有限公司	Incorporated	The PRC	RMB25,000,000/ RMB20,000,000	41.00%	41.00%	–	Manufacturing, distribution, research and development of surgical robot devices
Cathbot (Shanghai) Robot Co., Ltd. 知脈（上海）機器人有限公司 (Note ii)	Incorporated	The PRC	EUR10,000,000 /EUR10,000,000	51.00%	51.00%	–	Manufacturing, distribution, research and development of surgical robot devices

The above associates and joint venture are accounted for using the equity method in the consolidated financial statements during the Relevant Periods.

Note i: In April 2020, MicroPort Medical Corp. Limited ("MicroPort Medical"), a fellow subsidiary of the Group, entered into a subscription and shareholders agreement with Robocath SAS ("Robocath"), on behalf of the Group, pursuant to which, MicroPort Medical purchased the preferred shares of Robocath at a consideration of EUR5,263,753 (equivalent to RMB40,333,000) and MicroPort Medical was granted the Tranche 1B and Tranche 2 warrants issued by Robocath, whereby MicroPort Medical, upon the achievement of certain milestone in relation to research and development activities, can subscribe for a maximum of 46,289 shares of Robocath at an exercise price of EUR216.03 per share no later than 23 October 2020 and 40,000 shares of Robocath at an exercise price of EUR250 per share no later than 23 December 2021.

In October 2020, the Group purchased the above mentioned investments in Robocath and the warrants through the acquisition of 100% equity interest in Microport Medical from its parent company Milford Haven Global Limited, which is a fellow subsidiary of the Group, at a net consideration of RMB40,333,000, being the gross consideration of EUR13,569,733 (equivalent to RMB106,107,000) less the cash acquired from MicroPort Medical amounted to RMB65,774,000 as at the acquisition date.

The board of Robocath is composed of eight directors including one from the Group and one from MicroPort Scientific Corporation ("MPSC"), the ultimate controlling party of the Group ("MicroPort Members"). Pursuant to the investment shareholder agreement, most of the board approval decisions including operation and strategy plan should be agreed by majority of its board members including at least one of the MicroPort members. As a result, management determine that the Group has significant influence over Robocath and the investment is classified as associate.

In October 2020, the expiration dates of the Tranche 1B and Tranche 2 warrants were extended to 23 January 2021 and 23 March 2022, respectively. In December 2020, the Group exercised Tranche 1B Warrants to purchase 38,420 shares of Robocath at a consideration of EUR8,299,873 (equivalent to RMB65,774,000).

The warrant is considered as an embedded derivative component of the investment which is separated from the host contract and measured in accordance with the Group's accounting policies as set out in Note 2(g).

As at 30 June 2021, the Group has not yet exercised any of the Tranche 2 Warrants. Valuation techniques and significant assumptions for determining the fair value of warrants is set out in Note 27(e).

Note ii: In October 2020, the Group and Robocath, entered into a shareholders agreement, pursuant to which, the Group and Robocath set up Cathbot (Shanghai) Robot Co., Ltd. ("Cathbot") and injected capital of EUR5,100,000 (equivalent to RMB40,044,000) and EUR4,900,000 (equivalent to RMB38,473,000) for the 51% and 49% equity interests in Cathbot respectively in 2021. As the approval of the resolutions in relation to the relevant activities of Cathbot shall require both approval from the Group and Robocath, the directors of the Company determined that Cathbot is a joint venture, the investment in which is accounted for under the equity method.

Summarised financial information of the material associates and joint venture, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

	Robocath SAS		Shanghai Targbot Medtech Limited	Cathbot (Shanghai) Robot Co., Ltd.
	31 December 2020	30 June 2021	30 June 2021	30 June 2021
	RMB'000	RMB'000	RMB'000	RMB'000
Gross amounts				
Current assets	201,512	144,056	20,000	77,706
Non-current assets	88,840	124,447	5,000	–
Current liabilities	(21,194)	(16,236)	(1,939)	(10,481)
Non-current liabilities	(84,822)	(98,419)	–	–
Equity	184,336	153,848	23,061	67,225
Revenue	4,016	8,001	–	–
Loss for the year/period	(23,071)	(24,265)	(1,938)	(11,292)
Other comprehensive income	(1,762)	(4,575)	–	–
Total comprehensive income	(24,833)	(28,840)	(1,938)	(11,292)
Reconciled to the Group's interests in the associates and joint venture				
Gross amounts of net assets of the associates and joint venture	184,336	153,848	23,061	67,225
Group's effective interests in the associates and joint venture	16.09%	16.03%	41.00%	51.00%
Group's share of net assets of the associates and joint venture	29,660	24,662	9,455	34,285
Goodwill	55,770	55,568	–	–
Carrying amount in the consolidated financial statements	85,430	80,230	9,455	34,285

15 OTHER FINANCIAL ASSETS

The GROUP

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Financial assets measured at FVPL			
Unlisted equity securities outside PRC			
– NDR Medical Technology Private Limited ("NDR") (Note i)	–	38,366	37,365
– Biobot Surgical Pte. Ltd. ("Biobot") (Note ii)	–	–	48,027
	–	38,366	85,392

Note i: In 2020, MPSC, the ultimate controlling party of the Group, entered into a subscription and shareholders agreement, on behalf of the Group, with NDR together with other investors, pursuant to which, MPSC subscribed and purchased the preferred shares of NDR, at a consideration of SGD6,000,000 (equivalent to RMB30,192,600). In September 2020, MPSC subscribed and purchased additional ordinary shares of NDR at a consideration of SGD1,780,000 (equivalent to RMB8,823,300) and held approximately 28.16% equity interest in NDR. MPSC transferred the investments in NDR to the Group in September 2020 through a share transfer agreement, pursuant to which, the Group subscribed and purchased the above ordinary shares and preferred shares of NDR from MPSC at the original investment cost of SGD7,780,000 (equivalent to RMB39,015,900).

NDR is a research and development company based in Singapore which is engaged in the development, production and distribution of the automated needle targeting robotics system used in percutaneous biopsy.

Note ii: In April 2021, the Group entered into a shareholders agreement with Biobot, whereby the Group acquired the preferred shares at a consideration of SGD10,000,000 (equivalent to RMB48,027,000) for 17.72% equity interests in Biobot.

Biobot is a Singapore-based medical device company dedicated to developing minimally invasive robotic healthcare solutions.

Both investments in NDR and Biobot are classified as financial assets measured at FVPL. Valuation techniques and significant assumptions for determining the fair value of the investments in NDR and Biobot are set out in Note 27(e).

16 OTHER NON-CURRENT ASSETS

The Group

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Value-added tax recoverable (Note i)	6,872	10,815	22,097
Lease and security deposits (Note ii)	–	–	35,379
	6,872	10,815	57,476

The Company

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Value-added tax recoverable (Note i)	6,872	10,264	17,005
Lease and security deposits (Note ii)	–	–	35,379
	6,872	10,264	52,384

Note i: As at 31 December 2019 and 2020 and 30 June 2021, value added tax recoverable was recognised as other non-current assets since they are expected to be deducted from future value added tax payables arising from the Group's revenue which are not expected to be generated within the next 12 months from the end of each of the reporting period.

Note ii: During the six months ended 30 June 2021, the Group entered into a 5-year lease agreement with Shanghai Weichuang Investment Management Co., Ltd. ("Shanghai Weichuang Investment") in respect of certain leasehold properties for use of manufacturing facilities, warehouses and office buildings. The security deposits represent the deposits totalling RMB35,379,000 (31 December 2020: nil) paid to Shanghai Weichuang Investment to secure the lease which will commence in the second half of 2021.

17 INVENTORIES

The Group

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Raw materials	–	–	42,838
Work in progress	–	–	11,714
Low-value consumables	–	–	1,708
	–	–	56,260

The Company

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Raw materials	–	–	30,098
Work in progress	–	–	11,714
Low-value consumables	–	–	1,708
	–	–	43,520

18 OTHER RECEIVABLES

The Group

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Other debtors	16	–	89
Receivables from related parties	–	11,155	21,951
Prepayments	1,318	5,587	15,827
	1,334	16,742	37,867

The Company

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Other debtors	15	–	79
Receivables from related parties	1,861	10,535	35,694
Prepayments	976	4,989	12,721
	2,852	15,524	48,494

All of the current other receivables are expected to be recovered or recognised as expense within one year.

19 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

The Group

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Cash at bank	54,708	1,497,326	986,154

As at 31 December 2019 and 2020 and 30 June 2021, cash and cash equivalents of the Group held in banks and financial institutions in the PRC amounted to RMB54,708,000, RMB1,497,213,000 and RMB981,224,000, respectively.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Interest-bearing borrowings and loans from related parties	Financial instruments with preferred rights	Lease liabilities	Total
	RMB'000	RMB'000 (Note 24)	RMB'000 (Note 21)	RMB'000
At 1 January 2019	10,298	–	11,465	21,763
Changes from financing cash flows:				
Proceeds from related parties	170	–	–	170
Interest paid for interest-bearing borrowings and loans from related parties	(9)	–	–	(9)
Repayments of interest-bearing borrowings and loans from related parties	(10,000)	–	–	(10,000)
Total changes from financing cash flows	(9,839)	–	–	(9,839)
Other change				
Interest charge	67	–	453	520
	67	–	453	520
At 31 December 2019	526	–	11,918	12,444

	Interest-bearing borrowings and loans from related parties	Financial instruments with preferred rights	Lease liabilities	Total
	RMB'000	RMB'000 (Note 24)	RMB'000 (Note 21)	RMB'000
At 1 January 2020	526	–	11,918	12,444
Changes from financing cash flows:				
Repayments of interest-bearing borrowings and loans from related parties	(3,670)	–	–	(3,670)
Interest paid for interest-bearing borrowings and loans from related parties	(32)	–	–	(32)
Capital element of lease rentals paid	–	–	(4,446)	(4,446)
Interest element of lease rentals paid	–	–	(434)	(434)
Capital contributions by investors with preferred rights	–	1,508,520	–	1,508,520
Total changes from financing cash flows	(3,702)	1,508,520	(4,880)	1,499,938
Other changes:				
Interest charge	32	26,036	469	26,537
Increase in interest-bearing borrowings from the acquisition of a subsidiary	3,500	–	–	3,500
Increase in lease liabilities from entering into new leases during the year	–	–	11,374	11,374
Termination of financial instruments with preferred rights	–	(1,534,556)	–	(1,534,556)
	3,532	(1,508,520)	11,843	(1,493,145)
At 31 December 2020	356	–	18,881	19,237

	Interest-bearing borrowings and loans from related parties	Lease liabilities	Total
	RMB'000	RMB'000 (Note 21)	RMB'000
At 1 January 2021	356	18,881	19,237
Changes from financing cash flows:			
Capital element of lease rentals paid	–	(2,748)	(2,748)
Interest element of lease rentals paid	–	(582)	(582)
Total changes from financing cash flows	–	(3,330)	(3,330)
Other changes:			
Increase in lease liabilities from entering into new leases during the period	–	30,640	30,640
Interest charge	–	649	649
	–	31,289	31,289
At 30 June 2021	356	46,840	47,196

(c) Total cash outflow for leases

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Within operating cash flows	–	–	–	(425)
Within financing cash flows	–	(4,880)	(3,064)	(38,709)
	–	(4,880)	(3,064)	(39,134)

These amounts relate to the following:

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Lease rentals paid	–	(4,880)	(3,064)	(3,755)
Lease deposits paid	–	–	–	(35,379)
	–	(4,880)	(3,064)	(39,134)

20 TRADE AND OTHER PAYABLES

The Group

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Trade payables due to			
– third party suppliers	4,716	19,984	43,502
– related parties	7,416	8,361	9,110
	12,132	28,345	52,612
Loans and interests due to related parties	526	356	356
Accrued payroll	5,045	13,924	21,913
Amounts due to related party for acquisition of equity-accounted investee (Note 14)	–	108,857	–
Amounts due to related party for acquisition of other financial assets (Note 15)	–	38,366	–
Amounts due to Robocath	–	4,025	–
Other amounts due to fellow subsidiaries and the ultimate controlling party	16,490	16,044	8,707
Other payables and accrued charges	1,535	11,703	37,587
	35,728	221,620	121,175

As of the end of the reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Within 1 month	12,132	27,683	51,894
Over 1 month but within 3 months	–	410	313
Over 3 months but within 6 months	–	103	302
Over 6 months but within 1 year	–	149	103
	12,132	28,345	52,612

The Company

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Trade payables due to			
– third party suppliers	4,716	17,044	39,195
– related parties	1,112	930	1,624
	5,828	17,974	40,819
Loans and interests due to related parties	526	356	356
Accrued payroll	5,045	13,509	20,960
Amounts due to related party for acquisition of equity-accounted investee (Note 14)	–	108,857	–
Amounts due to Robocath	–	4,025	–
Other amounts due to fellow subsidiaries and the ultimate controlling party	16,490	15,854	8,481
Other payables and accrued charges	1,534	10,391	36,256
	29,423	170,966	106,872

As of the end of the reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Within 1 month	5,828	17,759	40,119
Over 1 month but within 3 months	–	96	313
Over 3 months but within 6 months	–	–	387
Over 6 months but within 1 year	–	119	–
	5,828	17,974	40,819

All of the above balances classified as current liabilities are expected to be settled within one year.

21 LEASE LIABILITIES

The Group

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of each of the reporting period.

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	5,571	7,288	14,002
After 1 year but within 2 years	2,015	5,994	12,945
After 2 years but within 5 years	4,332	5,599	19,893
	6,347	11,593	32,838
	11,918	18,881	46,840

As at 31 December 2019 and 2020 and 30 June 2021, lease liabilities include the lease payable of RMB11,918,000, RMB12,204,000 and RMB11,021,000 due to Shanghai MicroPort Medical (Group) Co., Ltd. ("Shanghai MicroPort") and Suzhou MicroPort Orthopaedics Scientific (Group) Co., Ltd., the fellow subsidiaries of the Group, respectively (see Note 29).

The Company

The following table shows the remaining contractual maturities of the Company's lease liabilities at the end of each of the reporting period.

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	5,571	5,636	11,940
After 1 year but within 2 years	2,015	4,478	10,893
After 2 years but within 5 years	4,332	4,277	18,969
	6,347	8,755	29,862
	11,918	14,391	41,802

22 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB135,163,000, RMB333,795,000 and RMB643,747,000 and temporary differences of RMB11,342,000, RMB19,340,000 and RMB21,091,000 at 31 December 2019 and 2020 and 30 June 2021, respectively due to the unpredictability of future taxable profits in the relevant tax jurisdictions and entities.

The unused tax losses of the Group were mainly from the subsidiaries incorporated in the PRC, where the accumulated tax losses will normally expire within 5 years. The Company was qualified as Small and Medium-sized Technological Enterprises ("SMTE") in 2018. Pursuant to the relevant regulations on extension for expiries of unused tax losses of High and New Technology Enterprise and SMTE issued in August 2018, the accumulated tax losses which did not expire from 2018 will have expiries extending from 5 years to 10 years.

23 DEFERRED INCOME

The Group

	Note	Government subsidies for research and development projects
		RMB'000
At 31 December 2018 and 1 January 2019		1,880
Additions		2,498
At 31 December 2019 and 1 January 2020		4,378
Additions		19,343
Government grant recognised as other income	5	(1,320)
At 31 December 2020 and 1 January 2021		22,401
Additions		360
Government grant recognised as other income	5	(360)
At 30 June 2021		22,401

The Company

	Note	Government subsidies for research and development projects
		RMB'000
At 31 December 2018 and 1 January 2019		1,880
Additions		2,498
At 31 December 2019 and 1 January 2020		4,378
Additions		12,213
Government grant recognised as other income	5	(1,320)
At 31 December 2020 and 1 January 2021		15,271
Additions		360
Government grant recognised as other income	5	(360)
At 30 June 2021		15,271

24 FINANCIAL INSTRUMENTS WITH PREFERRED RIGHTS

In 2020, the Company entered into investment agreements ("The Investment Agreements") with several investors ("The Investors"), pursuant to which, (i) The Investors injected capital of RMB1,508,520,000 in the Company; (ii) Shanghai Latent AI Technology Co., Ltd. ("Shanghai Latent", the immediate controlling party of the Company) transferred the Company's paid-in capital of RMB3,023,438 to The Investors at a consideration of RMB1,500,000,000; and (iii) Shanghai Changlong Lifescience Technology Co., Ltd. ("Shanghai Changlong", the existing shareholder of the Company) transferred the Company's paid-in capital of RMB1,007,813 to The Investors at a consideration of RMB500,000,000.

In accordance with the Investment Agreements, the Investors have been granted certain preferred rights upon the above subscription to the paid-in capital including the redemption rights, anti-dilution rights and liquidation preferences. Significant terms of the preferred rights that impacted the accounting treatment of the Company are outlined below:

Redemption rights

The Investors have a right to require the Company to redeem their investments if (i) a qualified public offering of the Company does not occur before 31 December 2025; and (ii) during the period from the issuance date to before the qualified IPO, the Company has committed a major criminal violation.

The redemption amount is the sum amount of: (i) original investment principal plus an annual simple rate of 10% of the original investment principal for a period of time commencing from the investment payment date to the settlement date; and (ii) any accrued and unpaid dividends if any.

Presentation and classification

The redemption obligations give rise to financial liabilities that are initially measured at present value of the redemption amount and subsequently measured at amortised cost. Interests from the financial instruments are included in finance cost.

In November 2020, pursuant to the supplemental agreements signed between the Company and The Investors, the redemption rights were terminated. Accordingly, the financial liabilities were derecognised upon the termination of the terms and recorded in equity.

The movements of the financial liabilities attributable to financial instruments with preferred rights of the Group during the Relevant Periods are as follows:

	Financial instruments with preferred rights
	RMB'000
Balance at 1 January 2019, 31 December 2019 and 1 January 2020	**–**
Recognition of financial instruments with preferred rights	3,508,520
Interest charges (Note 6(a))	48,628
Termination of financial instruments with preferred rights	(3,557,148)
Balance at 31 December 2020 and 30 June 2021	**–**

25 EQUITY-SETTLED SHARE-BASED TRANSACTION

(a) Share award scheme granted by the ultimate controlling party

Pursuant to a share award scheme approved by the Board of MPSC, the ultimate controlling party of the Group, in 2011, MPSC may purchase its own shares and grant such shares to certain employees of the Group at nil consideration.

The fair value of the employee services received in exchange for the grant of shares is recognised as staff costs in profit or loss with a corresponding increase in other payable to MPSC, which is measured based on the grant date share price of MPSC.

For the years ended 31 December 2019 and 2020 and for the six months ended 30 June 2020, MPSC granted 75,298 shares, 186,608 shares and 186,608 shares to the Group's executives with a fair value of RMB498,000, RMB3,086,000 and RMB3,086,000 (unaudited), respectively.

(b) Employee share purchase plan (the "ESPP")

Since 2017, the Group adopted several ESPPs, pursuant to which, the partnership firms, whose limited partners consisted of employees of the Group, invested in the Group by way of subscribing newly issued equity interests of the Group, or acquiring equity interests from the Group. All participants of the ESPPs have purchased equity interests in respective partnership firms at amounts specified in the respective partnership agreements.

All ESPPs contain a service condition. Employees participating in the plan have to transfer out their equity interests if their employments with the Group were terminated within the vesting period, to a person or a party nominated by the general partners of the partnership firms at a price no higher than the amounts specified in the respective partnership agreements. The fair value of the ESPP at the grant date, being the difference between the considerations and the fair value of the equity interests subscribed shall be spread over the vesting period and recognised as staff costs in the profit or loss.

The fair value of the equity interests subscribed is measured by either (i) the reference to the price of third party investors who also made contributions to the Group or (ii) the valuation reports which were prepared by Beijing North

Asia Asset Assessment Firm (Special General Partnership) ("Beijing North Asia") and Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the external valuers, and reviewed and approved by the management.

The total expenses recognised in the consolidated statement of profit or loss for the above transactions are RMB1,831,000, RMB11,103,000, RMB1,240,000 (unaudited) and RMB34,704,000 for the years ended 31 December 2019 and 2020 and for the six months ended 30 June 2020 and 2021, respectively.

(c) Share incentive plan granted by the Company

Pursuant to a labour contract signed in July 2018 between the Company and the employees of an ESPP of the Company, upon the achievement of certain milestone in relation to research and development activities, the Company will issue additional shares at the agreed consideration to the ESPP so as to maintain the equity interests of the ESPP in the Company will not be less than 15%. The fair value is measured at grant date using the Black-Scholes model, taking into account the terms and conditions upon which the equity-settled share incentive plan was granted.

Fair value of share incentive plan and assumptions	**31 July 2018**
Fair value at measurement date	RMB2,325,000
Market price	RMB14.88
Exercise price*	RMB45.47
Expected volatility	50.7085%
Plan life	3.92 years
Risk-free interest rate	3.1336%

* The excise price is calculated as the expected research and development expenditure upon the achievement of the above mentioned milestone divided by the number of options.

The number and weighted average exercise prices of the share options are as follows:

	31 December 2019		**31 December 2020**		**30 June 2021**	
	Weighted average exercise price	**Number of options**	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**	**Number of options**
	RMB	**'000**	**RMB**	**'000**	**RMB**	**'000**
Outstanding at the beginning of the year/period	45.47	1,206	45.47	1,206	45.47	1,965
Exercised during the year/period	–	–	–	–	–	–
Forfeited during the year/period	–	–	–	–	45.47	(1,965)
Granted during the year/period	–	–	45.47	759	–	–
Outstanding at the end of the year/period	45.47	1,206	45.47	1,965	–	–
Exercisable at the end of the year/period	–	–	–	–	–	–

In the six months ended 30 June 2021, the above share incentive plan was forfeited prior to the vesting and a new ESPP has been granted instead. On the date of the cancellation, the Company recognised in profit or loss the amount that otherwise would have been recognised over the remainder of the vesting period if the cancellation had not occurred.

The total expenses recognised in the consolidated statement of profit or loss for the above transaction are RMB594,000, RMB1,499,000, RMB750,000 (unaudited) and RMB1,446,000 for the years ended 31 December 2019 and 2020 and for the six months ended 30 June 2020 and 2021, respectively.

(d) Share options granted by the ultimate controlling party

MPSC granted certain share options to the employee of the Group. Each option gives the holder the right to subscribe for one ordinary share of MPSC, while the Group did not have an obligation to settle such transaction.

Up to 30 June 2021, MPSC has granted 160,757 share options in aggregate to the employee of the Group. These share options are vested in instalments over five years. Each instalment is accounted for as a separate share-based compensation arrangement. The contractual life of the options is ten years.

(i) The number and weighted average exercise prices of share options are as follows:

	31 December 2019		31 December 2020		30 June 2021	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	RMB	'000	RMB	'000	RMB	'000
Outstanding at the beginning of the year/period	6.84	55	6.57	130	8.39	161
Granted during the year/period	6.38	75	16.03	31	–	–
Outstanding at the end of the year/period	6.57	130	8.39	161	8.39	161
Exercisable at the end of the year/period	–	–	–	–	–	–

All the share options granted are exercisable by the grantees upon vesting and will expire in a period from March 2028 through March 2030. As at 31 December 2019 and 2020 and 30 June 2021, the weighted average remaining contractual life for the share options granted was 8.83 years, 8.10 years and 7.60 years, respectively.

(ii) Fair value of share options and assumptions

The fair value of services received in return for share options is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial tree model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial tree model.

The expected volatility is determined by reference to the average implied volatility of comparable companies that manufacture similar products as MPSC. Changes in the subjective input assumptions could materially affect the fair value estimate. Expected dividend yield is based on historical dividends.

In respect of share options granted during the Relevant Periods, the service condition has been taken into account in the grant date fair value measurement of the services received. There was no market condition associated with these share options.

The fair value of the share options granted was recognised as equity-settled share-based payments expenses over the vesting period with a corresponding increase in capital reserve.

The total expenses recognised in the consolidated statement of profit or loss for the share options granted by the ultimate controlling party are RMB55,000, RMB94,000, RMB40,000 (unaudited) and RMB51,000 for the years ended 31 December 2019 and 2020 and for the six months ended 30 June 2020 and 2021, respectively.

(e) Equity-settled share-based payment expenses recognised in the consolidated statement of profit or loss during the Relevant Periods:

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Research and development costs	1,797	9,652	1,079	21,286
Selling and marketing expenses	–	–	–	3,888
Administrative expenses	1,181	6,130	4,037	11,027
	2,978	15,782	5,116	36,201

26 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's equity between the beginning and the end of the year/period are set out below.

	Note	Paid-in capital	Capital reserve	Share capital	Share premium	Other reserve	Accumulated losses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019		29,670	32,004	–	–	25,986	(74,397)	13,263
Changes in equity for 2019:								
Total comprehensive income		–	–	–	–	–	(62,036)	(62,036)
Capital contributions by investors	26(b)	5,407	75,063	–	–	–	–	80,470
Equity-settled share-based transactions	25	–	2,479	–	–	–	–	2,479
Balance at 31 December 2019 and 1 January 2020		35,077	109,546	–	–	25,986	(136,433)	34,176
Changes in equity for 2020								
Total comprehensive income		–	–	–	–	–	(186,960)	(186,960)
Capital contributions by investors	26(b)	7,251	53,479	–	–	–	–	60,730
Capital contributions by investors with preferred rights	24	3,041	1,505,479	–	–	–	–	1,508,520
Recognition of financial instruments with preferred rights	24	–	–	–	–	(3,508,520)	–	(3,508,520)
Termination of financial instruments with preferred rights	24	–	–	–	–	3,557,148	–	3,557,148
Conversion into a joint stock company	26(c)	(45,369)	(1,665,401)	900,000	618,752	(25,986)	218,004	–
Equity-settled share-based transactions	25	–	12,697	–	–	–	–	12,697
Balance at 31 December 2020 and 1 January 2021		–	15,800	900,000	618,752	48,628	(105,389)	1,477,791
Changes in equity for the six months ended 30 June 2021:								
Total comprehensive income		–	–	–	–	–	(201,824)	(201,824)
Issuance of shares	26(c)	–	–	16,964	11,686	–	–	28,650
Equity-settled share-based transactions	25	–	36,201	–	–	–	–	36,201
Balance at 30 June 2021		–	52,001	916,964	630,438	48,628	(307,213)	1,340,818

(b) Paid-in capital and capital reserve

	Note	Paid-in capital	Capital reserve	Total
		RMB'000	RMB'000	RMB'000
Balance at 1 January 2019		29,670	32,004	61,674
Capital contributions by investors (i)		5,407	75,063	80,470
Equity-settled share-based transactions	25	-	2,479	2,479
Balance at 31 December 2019 and 1 January 2020		35,077	109,546	144,623
Capital contributions by investors (i)		396	5,494	5,890
Capital contributions by investors (ii)		4,840	-	4,840
Capital contributions by investors (iii)		2,015	47,985	50,000
Capital contributions by investors with preferred rights (iv)		3,041	1,505,479	1,508,520
Conversion into a joint stock company		(45,369)	(1,665,401)	(1,710,770)
Equity-settled share-based transactions	25	-	12,697	12,697
Balance at 31 December 2020 and 1 January 2021		-	15,800	15,800
Equity-settled share-based transactions	25	-	36,201	36,201
Balance at 30 June 2021		-	52,001	52,001

(i) In December 2018, the Company entered into an investment agreement with Shanghai Qinghe Enterprise Management Consultation Centre (LLP) ("Shanghai Qinghe") and Shanghai Changlong, pursuant to which, the investors agreed to make a total investment of RMB120,000,000 in the Company, with RMB8,062,501 and RMB111,937,499 credited to the Company's paid-in capital and capital reserves respectively. The investors injected the capital of RMB33,640,000 in 2018, RMB80,470,000 in 2019 and RMB5,890,000 in 2020.

(ii) In October 2017, the Company entered into an investment agreement with Shanghai Qingmin Enterprise Management Consultation Centre (LLP) ("Shanghai Qingmin") and MicroPort Group Co., Ltd. ("MicroPort Investment"), formerly known as MicroPort (Shanghai) Scientific Investment Co., Ltd., pursuant to which, the investors agreed to make a total investment of RMB31,800,000 in the Company as consideration of subscription for the Company's paid-in capital of RMB31,800,000. The investors injected RMB26,960,000 in 2018 and RMB4,840,000 in 2020.

(iii) In April 2020, the Company entered into an investment agreement with Shanghai Maijin Enterprise Management Consultation Centre (LLP) ("Shanghai Maijin") and Shanghai Qingxing Enterprise Management Consultation Centre (LLP) ("Shanghai Qingxing"), pursuant to which, the investors agreed to make a total investment of RMB50,000,000 in the Company, with RMB2,015,625 and RMB47,984,375 credited to the Company's paid-in capital and capital reserves respectively. The consideration was fully paid from May 2020 to July 2020.

(iv) In 2020, pursuant to the Investment Agreement signed between the Company and The Investors (Note 24), The Investors agreed to make a total investment of RMB1,508,520,000 in the Company, with RMB3,040,611 and RMB1,505,479,389 credited to the Company's paid-in capital and capital reserve respectively. The consideration was fully paid from August 2020 to November 2020.

(c) Share capital and share premium

In December 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, amounting to RMB1,518,752,104 were converted into 900,000,000 ordinary shares at RMB1.00 each. The excess of net assets converted over nominal value of the ordinary shares, of RMB618,752,000 was credited to the Company's share premium.

In March 2021, pursuant to the investment agreement signed between the Company and Shanghai Qingzhen, Shanghai Qingzhen subscribed for 16,963,831 ordinary shares of the Company at a consideration of RMB28,650,000. The excess of the consideration over the nominal value of the ordinary shares of RMB11,686,000 was credited to the Company's share premium. The consideration has been fully paid in April 2021.

(d) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of certain subsidiaries within the Group. The reserve is dealt with in accordance with the accounting policies set out in Note 2(v).

(e) Other reserve

The other reserve primarily comprises the following:

- In 2020, exempted interest payable to investors due to the termination of financial instruments with preferred rights as stipulated in Note 24.

- In 2018, the rental fee and service fee due to Shanghai MicroPort amounting to RMB25,986,000 was waived by Shanghai MicroPort and the corresponding amount was charged into other reserve of the Group.

(f) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the Relevant Periods.

(g) Capital management

The Group's objectives in the aspect of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines "capital" as equity as at the end of each of the reporting period and "debt" as lease liabilities. The debt-to-capital ratio is 45%, 1% and 4%, respectively for the years ended 31 December 2019 and 2020 and six months ended 30 June 2021.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practises used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are state-owned banks or reputable commercial banks for which the Group considers to have low credit risk. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The management has assessed that during the Relevant Periods, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The management of the Company expect the occurrence of losses from non-performance by the counterparties of other receivables was remote and loss allowance provision for other receivables was immaterial.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2019 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	35,728	–	–	–	35,728	35,728
Lease liabilities	5,934	2,284	4,518	–	12,736	11,918
	41,662	2,284	4,518	–	48,464	47,646

	As at 31 December 2020 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	221,620	–	–	–	221,620	221,620
Lease liabilities	8,001	6,426	5,741	–	20,168	18,881
	229,621	6,426	5,741	–	241,788	240,501

	As at 30 June 2021 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	121,175	–	–	–	121,175	121,175
Lease liabilities	15,872	14,211	21,342	–	51,425	46,840
	137,047	14,211	21,342	–	172,600	168,015

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from cash at banks, deposits with banks and loans from/to related parties. The Group's interest-bearing financial instruments at variable rates as at 31 December 2019 and 2020 and 30 June 2021 are primarily the cash at bank except for fixed deposits, and the cash flow interest risk arising from the change of market interest rate on these balances is not considered significant. The Group's exposure to interest rate risk is not significant.

The Group's interest rate profile as monitored by management is set out below.

	31 December 2019		31 December 2020		30 June 2021	
	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount
		RMB'000		RMB'000		RMB'000
Net fixed rate instruments:						
Deposits with banks	–	–	1.89%-2.025%	1,475,234	1.89%-2.025%	726,439
Lease liabilities	4.90%	(11,918)	4.90%	(18,881)	4.90%	(46,840)
Loans from related parties	2%~4.35%	(526)	4.35%	(356)	4.35%	(356)
		(12,444)		1,455,997		679,243
Net variable rate instruments:						
Cash at banks	0.30%	54,708	0.30%	22,092	0.30%	259,715
		54,708		22,092		259,715
		42,264		1,478,089		938,958

(d) Currency risk

The Group is exposed to currency risk primarily from purchases which give rise to payables that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Euros and Singapore dollars.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year/period end date. Differences resulting from the translation of the financial statements of the entities into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB)								
	31 December 2019			31 December 2020			30 June 2021		
	Euros RMB'000	SGD RMB'000	USD RMB'000	Euros RMB'000	SGD RMB'000	USD RMB'000	Euros RMB'000	SGD RMB'000	USD RMB'000
Trade and other payables	-	-	-	112,882	38,366	-	107	-	7,471
Net exposure arising from recognised liabilities	-	-	-	112,882	38,366	-	107	-	7,471

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulative losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of each of the reporting period had changed at that date, assuming all other risk variables remained constant.

	Years ended 31 December				Six months ended 30 June	
	2019		2020		2021	
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses
		RMB'000		RMB'000		RMB'000
Euros (against RMB)	-	-	3%	3,386	3%	3
	-	-	-3%	(3,386)	-3%	(3)
Singapore dollars (against RMB)	-	-	3%	1,151	3%	-
	-	-	-3%	(1,151)	-3%	-
US dollars (against RMB)	-	-	-	-	3%	224
	-	-	-	-	-3%	(224)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of each of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of each of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of the entities into the Group's presentation currency. The analysis has been performed on the same basis for the Relevant Periods.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has engaged the external valuers to perform valuations for Tranche 1B and Tranche 2 Warrants, which are categorised into Level 3 of the fair value. The valuation reports prepared by the external valuers are reviewed and approved by the Group's management.

		Fair value measurements as at 31 December 2020 categorised into		
	Fair value at 31 December 2020	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets:				
Derivative financial assets-Robocath Warrants-non-current	12,676	–	–	12,676
Other financial assets (Note 15)	38,366	–	38,366	–

		Fair value measurements as at 30 June 2021 categorised into		
	Fair value at 30 June 2021	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets:				
Derivative financial assets-Robocath Warrants-current	9,562	–	–	9,562
Other financial assets (Note 15)	85,392	–	85,392	–

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurement:

The fair values of the financial assets are determined with reference to the pricing of the recent transactions of the investees' shares with no significant unobservable inputs used.

Information about Level 3 fair value measurements as at 31 December 2020 and 30 June 2021:

	Valuation techniques	Significant unobservable inputs	Range
Derivative financial assets-Robocath Warrant	Binomial tree model, Monte Carlo model	Expected volatility, taking into account the historical volatility of the comparable companies	48%~56%

As at 31 December 2020, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 5% would have decreased/increased the Group's loss by RMB1,743,000 /RMB1,717,000.

As at 30 June 2021, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 5% would have decreased/increased the Group's loss by RMB1,076,000/RMB1,076,000.

The movements during the Relevant Periods in the balance of these Level 3 fair value measurements are as follows:

	Robocath Warrants
	RMB'000
At 31 December 2019 and at 1 January 2020	–
Additions	25,497
Changes in fair value recognised in profit or loss during the year	(3,250)
Transfer to equity-accounted investee	(9,753)
Exchange adjustments	182
At 31 December 2020 and at 1 January 2021	12,676
Additions	–
Changes in fair value recognised in profit or loss during the period	(2,993)
Exchange adjustments	(121)
At 30 June 2021	9,562

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2019 and 2020 and 30 June 2021.

28 COMMITMENTS

Capital commitments in respect of property, plant and equipment and certain investments outstanding at 31 December 2019 and 2020 and 30 June 2021 not provided for in the financial statements were as follows:

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Contracted for	382	120,217	20,222

In addition, the Group was committed at 30 June 2021 to enter into a new lease of 5 years that are not yet commenced, the lease payments under which amounted to RMB35,379,000 per annum.

29 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid individuals as disclosed in Note 9, is as follows:

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries and other benefits	564	1,465	450	1,907
Discretionary bonuses	–	213	91	1,461
Equity-settled share-based payment expenses	1,160	5,329	3,911	20,058
	1,724	7,007	4,452	23,426

(b) Related party transactions

During the Relevant Periods, the directors are of the view that the following companies are related parties:

Name of the related party	*Relationship*
MicroPort Scientific Corporation	Ultimate controlling party of the Group
Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械(集團)有限公司)	Fellow subsidiary of the Group
Shanghai Safeway Co., Ltd. (上海安助醫療科技有限公司)	Fellow subsidiary of the Group
Medical Product Innovation, Inc	Fellow subsidiary of the Group
Suzhou MicroPort OrthoRecon Co., Ltd. (蘇州微創關節醫療科技有限公司)	Fellow subsidiary of the Group
Milford Haven Global Limited	Fellow subsidiary of the Group
Robocath SAS	Equity-accounted investee of the Group
AccuPath Medtech (Jiaxing) Co., Ltd. (脈通醫療科技(嘉興)有限公司)	Equity-accounted investee of the ultimate controlling party of the Group

(c) Investing and financing arrangements with related parties

(i) In October 2018, the shareholder of the Group, Shanghai Qinghe provided a short-term loan of RMB10,000,000 to the Group with an interest rate at approximately 4.35% per annum. The loan was repaid to Shanghai Qinghe in February 2019.

(ii) Shanghai MicroPort and the Company signed Renminbi Cash Pool Management Agreement (the "Agreement") with the Bank of China ("BOC") in 2018. According to the Agreement, Shanghai MicroPort and the Company allow BOC to transfer the balance or overdraft of their respective bank accounts into Shanghai MicroPort designated cash pooling account before the end of each business day, as entrusted loans to or from Shanghai MicroPort. The effective annual interest rates charged on the entrusted loans to or from Shanghai MicroPort was 2%.

The Company borrowed the loan of RMB170,000 in total from Shanghai MicroPort in 2019, which have been fully settled in 2020. The Company provided the loan of RMB12,439,923, RMB70,413,535 and RMB5,418,474 (unaudited) for the years ended 31 December 2019 and 2020 and for the six months ended 30 June 2020, and an amount of RMB42,440,923, RMB70,413,535 and RMB5,598,846 (unaudited) were repaid through this cash pool arrangement for the years ended 31 December 2019 and 2020 and for the six months ended 30 June 2020, respectively.

(iii) During the Relevant Periods, the Group entered lease contracts in respect of certain leasehold properties from Shanghai MicroPort and Suzhou MicroPort Orthopaedics Scientific (Group) Co., Ltd. for its operation. At the commencement date of these leases, the Group recognised right-of-use assets and lease liabilities in amount of RMB4,455,000 for the year ended 31 December 2020.

(iv) During the year ended 31 December 2019, the finance cost and interest income arising from financing arrangements in (ii) to (iii) charged to the consolidated profit or loss is RMB519,382 and RMB391,989, respectively.

During the year ended 31 December 2020, the finance cost and interest income arising from financing arrangements in (ii) to (iii) charged to the consolidated profit or loss is RMB400,487 and RMB3,328, respectively.

During the six months ended 30 June 2021, the finance cost arising from financing arrangements in (iii) charged to the consolidated profit or loss is RMB243,182.

(d) Other transactions with related parties

Particulars of the Group's other transactions with related parties during the Relevant Periods are as follows:

	Years ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Purchase of goods from fellow subsidiaries and an equity-accounted investee of the ultimate controlling party	5,692	2,509	709	6,380
Purchase of goods from an equity-accounted investee	–	4,025	–	5,859
Service fee charged by a fellow subsidiary	2,771	4,542	2,075	2,274
Payment on behalf of the Group by a fellow subsidiary	4,185	2,199	1,295	-
Receipt of subsidies by a fellow subsidiary on behalf of the Group	–	7,130	–	–
Acquisition of equity-accounted investee from a fellow subsidiary	–	108,857	–	–
Acquisition of other financial assets from the ultimate controlling party	–	38,366	–	–

(e) Related party balances

The outstanding balances arising from the above transactions as at the end of each of the Relevant Periods are as follows:

	31 December 2019	31 December 2020	30 June 2021
	RMB'000	RMB'000	RMB'000
Receivables from related parties			
Non-trade related	–	11,155	21,951
Amounts due to related parties			
Trade related	7,416	8,361	9,110
Non-trade related	16,490	167,292	8,707
Loans and interests due to related parties	526	356	356

The non-trade related balances will be settled prior to listing.

30 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

As at 30 June 2021, the directors consider the immediate parent of the Company to be Shanghai Latent AI Technology Co., Ltd., which is incorporated in the PRC and does not produce financial statements available for public use.

As at 30 June 2021, the directors consider the ultimate controlling party of the Company is MicroPort Scientific Corporation, which is incorporated in Cayman Islands. MicroPort Scientific Corporation is listed on the Main Board of The Stock Exchange of Hong Kong Limited and produces financial statements available for public use.

31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of issue of the Historical Financial Information, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the Relevant Periods and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual Improvements to HKFRS Standards 2018-2020	1 January 2022
Amendments to HKFRS 3, Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16, Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37, Onerous contracts-cost of fulfilling a contract	1 January 2022
Amendments to HKAS 1, Classification of liabilities as current or non-current	1 January 2023
HKFRS 17, Insurance contracts	1 January 2023
Amendments to HKAS 1 and HKFRS Practise Statement 2, Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8, Definition of accounting estimates	1 January 2023
Amendments to HKAS 12, Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 June 2021.

The following information does not form part of the Accountants' Report from KPMG, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the "Financial Information" section in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants is set out below to illustrate the effect of the Global Offering (as defined in this prospectus) on the consolidated net tangible assets attributable to equity shareholders of the Company as at 30 June 2021 as if the Global Offering had taken place on 30 June 2021.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the net tangible assets of the Group attributable to equity shareholders of the Company had the Global Offering been completed as at 30 June 2021 or any future date.

	Consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 30 June 2021 (1)	**Estimated net proceeds from the Global Offering (2)(4)**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company as at 30 June 2021**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share as at 30 June 2021 (3)**	
	RMB'000	**RMB'000**	**RMB'000**	**RMB**	**HK$ (4)**
Based on an Offer Price of HK$36.00 per Offer Share	1,261,959	1,020,426	2,282,385	2.4	2.9
Based on an Offer Price of HK$43.20 per Offer Share	1,261,959	1,228,853	2,490,812	2.6	3.1

Notes:

(1) The consolidated net tangible assets attributable to the equity shareholders of the Company as of 30 June 2021 is based on the consolidated net assets attributable to the equity shareholders of the Company of RMB1,264,314,000 as at 30 June 2021 less intangible assets of RMB873,000 and goodwill of RMB1,482,000 as extracted from the Accountants' Report set out in Appendix I to this Prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Prices of HK$36.00 and HK$43.20 per Offer Share, respectively, being the low end price and high end price of the stated Offer Price range, after deduction of the estimated underwriting fees and other related expenses payable by the Company (excluding approximately RMB14,774,000 listing expenses which has been charged to profit or loss up to 30 June 2021) and does not take into account of any shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of the Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that a total of 953,163,831 shares in issue assuming that the Global Offering had been completed on 30 June 2021, but taking no account of any shares which may be issued upon the exercise of the Over-allotment Option.

(4) The estimated net proceeds from the Global Offering and the unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of the Company per Share are converted into Renminbi at a rate of HK$1 = RMB0.83306. No representation is made that the Hong Kong Dollars amounts have been, could have been or may be converted into Renminbi, or vice versa, at that rate.

(5) No adjustment has been made to the unaudited pro forma statement of adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2021.

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF SHANGHAI MICROPORT MEDBOT (GROUP) CO., LTD.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Shanghai MicroPort MedBot (Group) Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at 30 June, 2021 and related notes as set out in Part A of Appendix II to the prospectus dated 21 October 2021 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at 30 June, 2021 as if the Global Offering had taken place at 30 June, 2021. As part of this process, information about the Group's financial position as at 30 June, 2021 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 30 June, 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of

America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

a) the pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group, and

c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong

21 October 2021

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken in to account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares , nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC or Hong Kong taxation other than income tax, capital gains tax and profits tax, sales tax/ value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of the H shares.

TAXATION IN THE PRC

Tax on Dividends

Individual Investors

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法》) (hereinafter referred to as the "Individual Income Tax Law (《個人所得税法》)") amended by the Standing Committee of the National People's Congress (The "SCNPC") on August 31, 2018 and became effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法實施條例》) amended by the State Council on December 18, 2018 and became effective on January 1, 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on September 7, 2015 and came into effect on September 8, 2015, where an individual holds more than one year of the shares of a listed company obtained from the public offering and transfer of the stock market of the listed company, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfer of the stock market by the listed company, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement 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 Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (hereinafter referred to as the "Arrangement for the Avoidance of Double Taxation and the

Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵税和防止偷漏税的安排》)") signed by the Mainland of China and the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement 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 Income (《國家税務總局關於<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》) (the "Fifth Protocol (《第五議定書》)") issued by The State Administration of Taxation and became effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Corporate Investors

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) (hereinafter referred to as the "EIT Law (《企業所得税法》)") amended by the SCNPC and became effective on December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》) (hereinafter referred to as the "Implementation Rules of the EIT Law (《企業所得税法實施條例》)") amended by the State Council and became effective on April 23, 2019, a non-resident enterprise is subject to a 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such withholding tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《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税有關問題的通知》) issued by The State Administration of Taxation and effective on November 6, 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) promulgated by The State Administration of Taxation and became effective on July 24, 2009 further provides that any PRC resident enterprise that is listed on overseas stock exchanges (including A shares, B shares and oversea shares) shall withhold and pay enterprise income tax at a rate of 10% on dividends it distributes to its non-PRC resident enterprise shareholders which are derived out of profit generated since 2008. Non-PRC resident enterprise shareholders who need to enjoy tax treaty benefits, the relevant provisions of such tax treaty shall apply.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵税和防止偷漏税的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Tax related to equity transfer income

Individual Investors

Under the IIT Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals（《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》）, which was promulgated by the MOF and The State Administration of Taxation and became effective on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The State Administration of Taxation does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in listed company in the newly revised EIT Law and Implementation Rules of the EIT Law.

Corporate Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. The aforementioned income tax payable by non- PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under applicable tax treaties or and arrangements.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關税收政策的通知》) promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on October 31, 2014 and became effective on November 17, 2014, transfer spread income derived by mainland enterprises from stock investment listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax according to law. For dividends and bonuses received by mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share

companies shall apply to China Securities Depository and Clearing Corporation Limited ("CSDC") for providing the register of mainland individual investors to the H-share companies and withhold individual income tax at the rate of 20% on behalf of the H-share companies.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on December 4, 2019 and effective on December 5, 2019, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax from December 5, 2019 to December 31, 2022.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect （《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》）, dividends derived by mainland enterprises from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect are included in their total income and subject to Enterprise Income Tax according to law. Pursuant to which, dividend income obtained by mainland resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold income tax on dividends and bonus income for mainland enterprises investors. The tax payable shall be declared and paid by the enterprise itself.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on November 5, 2016 and became effective on December 5, 2016, transfer spread income derived by mainland enterprises from stock investment listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax according to law. For dividends and bonuses received by mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDC for providing the register of mainland individual investors to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds promulgated by the MOF, The State Administration of Taxation and the CSRC on December 4, 2019 and effective on December 5, 2019, individual income tax will be temporarily exempted for transfer spread income derived from investment by mainland individual investors in stocks listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect from December 5, 2019 to December 31, 2022.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《財政部、國家稅務總局、證監會關於深港股票市場交易互聯互通機制試點有關

税收政策的通知》), dividends derived by mainland enterprises investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect are included in their total income and subject to Enterprise Income Tax according to law. In particular, dividend and bonus income obtained by mainland resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold income tax on dividends and bonus income for mainland enterprises. The tax payable shall be declared and paid by the enterprise itself.

Others

PRC Stamp Duty

Pursuant to the Provisional Regulations of the PRC Concerning Stamp Duty (《中華人民共和國印花税暫行條例》) amended by the State Council and came into effect on January 8, 2011 and the Detailed Rules for Implementation of Provisional Regulations of the PRC Concerning Stamp Duty (《中華人民共和國印花税暫行條例施行細則》) promulgated by the MOF on September 29, 1988 and came into effect on October 1, 1988, PRC stamp duty is imposed on specific taxable documents that are legally binding in the PRC and protected under PRC law. Therefore, PRC stamp duty imposed on transferring shares of PRC listed company does not apply to acquisitions or dispositions by non-PRC investors of H Shares outside the PRC.

Estate duty

According to PRC law, no estate duty is currently levied in the PRC.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law, enterprises and other income-generating organizations (hereinafter collectively referred to as "enterprises") within the territory of the People's Republic of China are the taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of the EIT Law. The Enterprise Income Tax rate is 25%.

Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax on its income within the PRC and withhold at source, where the payer are the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to enterprise income tax and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the PRC.

Value-added tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) amended by the State Council and became effective on November 19, 2017 and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例實施細則》) amended by the MOF on October 28, 2011 and

became effective on November 1, 2011, all entities and individuals in the PRC engaging in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods are required to pay value-added tax. For taxpayers selling or importing goods, the general tax rate shall be 17% unless otherwise specified in the aforesaid regulations.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《财政部、税務總局關於調整增值税税率的通知》) promulgated by the Ministry of Finance and the State Administration of Taxation on April 4, 2018 and became effective on May 1, 2018, the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods shall be adjusted to 16% and 10%, respectively. Pursuant to the Announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《财政部、税務總局、海關總署關於深化增值税改革有關政策的公告》) issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on March 20, 2019 and came into effect on April 1, 2019, for general value-added taxpayers who conduct VAT taxable sales or import goods, the original tax rate of 16% will be adjusted to 13%; the original tax rate of 10% will be adjusted to 9%.

TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains Tax and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.13% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.26% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by

it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

Foreign Exchange Administration in the PRC

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely convertible. The State Administration of Foreign Exchange ("SAFE"), authorized by the People's Bank of China ("PBOC"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and became effective on August 5, 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on June 20, 1996 and became effective on July 1, 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and came into effect on October 23, 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Circular of the SAFE on Relevant Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE and became effective on December 26, 2014, the relevant provisions on foreign exchange administration of domestic joint stock companies (hereinafter referred to as "domestic companies") listed overseas are as follows:

- The SAFE and its branches and the Foreign Exchange Management Department (hereinafter referred to as the "Foreign Exchange Bureau") supervise, manage and inspect the business registration, account opening and use, cross-border income and expenditure, and capital exchange involved in the overseas listing of domestic companies.

- A domestic company shall, within 15 working days after the completion of the overseas listing and issuance, register the overseas listing with the Foreign Exchange Bureau at the place where it is registered with relevant materials.

- After the overseas listing of a domestic company, its domestic shareholders who intend to increase or reduce their shareholding in an overseas listed company according to relevant regulations shall register the overseas shareholding with the local foreign exchange bureau at the place where the domestic shareholders are located within 20 working days prior to the proposed increase or reduction of shareholding with relevant materials.

- A domestic company (other than banking financial institutions) shall, by virtue of its registration certificate for overseas listing business, open a "special foreign exchange account for overseas listing of domestic companies" with a domestic bank for its initial offering (or additional offering) and repurchase business to handle the remittance and transfer of funds for the relevant business.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on February 13, 2015 and came into effect on June 1, 2015, the SAFE has canceled the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued and implemented by the SAFE on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to the Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III—Taxation and Foreign Exchange" to this prospectus. This Appendix also contains a summary of certain material differences between laws and regulatory provisions of Hong Kong and the PRC Company Law. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to the Company. This summary is not intended to include all the information which is important to the potential investors. For a discussion of laws and regulations which are relevant to the Company's business, see "Regulatory Overview" in this prospectus.

The PRC Legal System

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) (hereinafter referred to as the "Constitution (《憲法》)") and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》) (the "Legislation Law (《立法法》)"), which was amended by the National People's Congress (the "NPC") and became effective on March 15, 2015, the NPC and the Standing Committee of the National People's Congress (The "SCNPC") are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into districts shall be submitted to the standing committees of the people's congresses of provinces and autonomous regions for approval before implementation. The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local

regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, NAO of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; The standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on June 10, 1981, the Supreme People's Court shall give interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities. Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted

these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

PRC Judicial System

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) amended by the SCNPC on October 26, 2018 and becoming effective on January 1, 2019, the PRC People's Court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

According to The Constitution and the Law of Organization of the People's Procuratorate of the PRC "《中華人民共和國人民檢察院組織法》" revised by SCNPC on October 26, 2018 and taking effect on January 1, 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, i.e., judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the "PRC Civil Procedure Law (《中國民事訴訟法》)") adopted by the SCNPC on June 27, 2017 and became effective on July 1, 2017 sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as

the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed or the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuses to comply with a judgment or order made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

The PRC Company Law, Special Regulations, Mandatory Provisions and Official Reply

A joint stock limited company incorporated in the PRC seeking a listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") is mainly subject to the following laws and regulations of the PRC:

The PRC Company Law (《中華人民共和國公司法》) (hereinafter referred to as the "Company Law (《公司法》)") was adopted by the Fifth Standing Committee Meeting of the Eighth NPC on December, 29 1993 and came into effect on July 1, 1994, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018. The latest revised Company Law came into effect on October 26, 2018.

The Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (the "Special Regulations (《特別規定》)") were promulgated by the State Council and became effective on August 4, 1994. The Special Regulations include provisions in relation to the overseas share offering and listing of joint stock limited companies.

The Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) (hereinafter referred to as the "Mandatory Provisions (《必備條款》)") were promulgated by the former Securities Commission of the State Council and the former State Economic Restructuring Commission and became effective on August 27, 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed on overseas stock exchanges.

The Letter of Opinions on Supplementary Amendments to the Articles of Association of Companies to be Listed in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的函》) issued by the China Securities Regulatory Commission ("CSRC") and the Production System Department of the former State Commission for Restructuring the Economic System and came into effect on April 3, 1995 further provides that the Mandatory Provisions apply to companies to be listed in Hong Kong.

According to the Reply of the State Council on Adjusting the Provisions Applicable to the Notice Period for Convening Shareholders' General Meetings and Other Matters Applicable to Overseas Listed Companies (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》) (hereinafter referred to as the "Official Reply (《正式批覆》)"), which was issued by the State Council and came into effect on October 17, 2019, the notice period, shareholders' proposal right and the procedures for convening shareholders' general meetings of joint stock limited companies established in the PRC but listed overseas are governed by the Company Law, and the Article 20 to Article 22 of the Special Regulations are no longer applicable.

Set out below is a summary of the major provisions of the Company Law, the Special Regulations, the Mandatory Provisions and the Official Reply which are applicable to the Company.

General Provisions

"A joint stock limited company" means is a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up, and shall notified all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only the presence of promoters and subscribers holding more than 50% of the total number of shares. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority. A joint stock limited company established by the subscription method shall obtain the approval for public offering from the securities regulatory authority of the State Council and submit the approval to the company registration authority.

A joint stock limited company's promoters shall be liable for: (1) the payment of debts and expenses incurred in the incorporation process jointly and severally if a company cannot be incorporated; (2) the refund of subscription monies paid by the subscribers, together with interest, at bank rates of deposit for the same period jointly and severally if a company cannot be incorporated; and (3) the compensation of any damages suffered by a company as a result of the default of the promoters in the course of its establishment.

Registered Shares

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property rights or land use rights.

According to the Special Regulations and the Mandatory Provisions, the shares issued to foreign investors and listed overseas by a company shall be in registered form, denominated in Renminbi and subscribed for in foreign currency. Shares issued to foreign investors and listed overseas are classified as overseas-listed foreign shares, and those shares issued to investors within the PRC, are known as domestic shares. Under the Special Regulations, upon approval of CSRC, a company may agree, in the underwriting agreement in respect of an issue of overseas-listed foreign shares, to retain not more than 15% of the aggregate number of such overseas-listed foreign invested shares proposed to be issued in addition to the number of underwritten shares. The issuance of the retained shares is deemed to be a part of this issuance.

Under the Company Law, when a company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters: (1) the name and domicile of a shareholder;

(2) the number of shares held by each shareholder; (3) the serial number of the shares held by each shareholder; and (4) the date on which each shareholder acquired the shares.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders. When a company launches a public offering of new shares under the permission of the securities regulatory authority of the State Council, it must publish a prospectus for the new shares and financial and accounting reports, and prepare the share subscription form. After payment in full for the new shares issued, a company must change its registration with a company registration authority and make an announcement accordingly.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(1) To prepare a balance sheet and a property list.

(2) A company makes a resolution at shareholders' general meeting to reduce its registered capital.

(3) A company shall inform its creditors within 10 days and publish an announcement in newspapers within 30 days after the approval of resolution of reducing registered capital.

(4) The creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice.

(5) When a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

Share Buy-Back

Under the Company Law, a company shall not purchase its own shares. Except for any following circumstances:

(1) reducing the registered capital;

(2) merging with other company that holds the shares of the Company;

(3) using the shares for employee stocks plan or equity incentives;

(4) with respect to shareholders voting against any resolution adopted at the shareholders' general meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them;

(5) using the shares for the conversion of convertible corporate bonds issued by the listed company;

(6) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (1) to (2) above shall be subject to the resolution of the general meeting; the purchase of shares of a company for reasons specified in the case of (3), (5) and (6) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the Articles of Association or the authorization from the general meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (1) above; such shares shall be transferred or canceled within six months in the case of items (2) and (4) above; the total numbers of share of our Company held by a company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within three years in the case of items (3), (5) and (6) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder should effect a transfer of his shares on securities established exchange according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be effected during a period of 20 days prior to the convening of shareholder's general meeting or 5 days prior to the record date for a company's distribution of dividends. However, if any law provides otherwise for the registration of changes in the register of members of a listed company, such provisions shall prevail. The transfer of bearer share certificates shall become effective upon delivery of such share certificates to the transferee by the shareholder.

Under the Company Law, shares in the Company held by promoters shall not be transferred within one year after the date of establishment of a company. Shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of accompany are listed and traded on a securities exchange. Directors, supervisors and senior management of a company shall declare to a company their shareholdings in a company and any changes of such shareholdings, and the shares transferred each year during their term of office shall not exceed 25% of the total shares they hold in a company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

Shareholders

Under the Company Law and the Mandatory Provisions, the rights of a shareholder of ordinary shares of a company include:

(1) to receive dividends and other forms of distributions in proportion to their shareholdings;

(2) to attend or appoint a proxy to attend shareholders' general meetings and to exercise voting rights;

(3) to supervise and manage a company's business operations, and to present proposals or to raise inquiries;

(4) to transfer shares in accordance with laws, administrative regulations and the provisions of the Articles of Association;

(5) to obtain relevant information in accordance with the provisions of the Articles of Association, including:

1. the right to obtain the Articles of Association, subject to payment of costs;

2. the right to inspect and copy, subject to payment of a reasonable fee:

(1) all parts of the register of shareholders;

(2) personal particulars of each of a company's directors, supervisors, managers and other senior management, including:

(a) present and former names and aliases;

(b) principal address (residence);

(c) nationality;

(d) primary and all other part-time occupations and duties;

(e) identification document and its number.

(3) status of a company's share capital;

(4) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by a company since the end of the last accounting year and the aggregate amount paid by a company for this purpose;

(5) minutes of shareholders' general meetings.

(6) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;

(7) other rights conferred by laws, administrative regulations and the Articles of Association.

The obligations of a shareholder of ordinary shares of a company include:

(1) to comply with the Articles of Association;

(2) to pay subscription money according to the number of shares subscribed and the method of subscription;

(3) not to abuse their shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;

(4) other obligations conferred by laws, administrative regulations and the Articles of Association.

Shareholder's General Meetings

Under the Company Law, the shareholders' general meeting of a joint stock limited company is made up of all shareholders. The shareholders' general meeting is the organ of authority of a company, which exercises the following functions and powers:

(1) to decide on a company's business policies and investment plans;

(2) to elect and replace directors and supervisors who are not representatives of the employees and to decide on matters relating to the remuneration of directors and supervisors;

(3) to examine and approve reports of the board of directors;

(4) to examine and approve reports of the supervisory committee or supervisors;

(5) to examine and approve a company's annual financial budget and final accounts;

(6) to examine and approve a company's profit distribution plans and loss recovery plans;

(7) to resolve on the increase or reduction of a company's registered capital;

(8) to resolve on the issuance of corporate bonds;

(9) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;

(10) to amend the a company's Articles of Association;

(11) other functions and powers specified in provision of the Articles of Association.

Under the Company Law, annual shareholders' general meetings are required to be held once every year. An extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following circumstances:

(1) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the Articles of Association;

(2) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;

(3) shareholders individually or jointly holding 10% or more of the company's shares request;

(4) when deemed necessary by the Board;

(5) the Supervisory Committee proposes to convene the meeting;

(6) other circumstances as stipulated in the Articles of Association.

Shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory board shall convene and preside over shareholders' general meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' general meeting.

Notice of general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days before the meeting.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' general meeting. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

Under the Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, save that shares held by a company are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting in accordance with the provisions of the Articles of Association or the resolutions of the shareholders' general meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' general meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who

attend the shareholders' general meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

According to the Mandatory Provisions, the increase or reduction of share capital, the issue of shares of any class, warrants or other similar securities and bonds, the division, merger, dissolution and liquidation of a company, the amendments to the articles of association and any other matters, which, as resolved by way of an ordinary resolution of the shareholders' general meeting, may have a material impact on the company and require adoption by way of a special resolution, must be approved through special resolutions by more than two-thirds of the voting rights held by shareholders present at the meeting.

The Mandatory Provisions require a special resolution to be passed at the shareholders' general meeting and a class meeting to be held for the consideration and approval of such resolution with regard to a variation or abrogation of the class rights of a class of shareholders. Shareholders of domestic shares and H shares are deemed to be different classes of shareholders for this purpose.

Directors

Under the Company Law, a joint stock limited company shall have a board of directors, which shall consist of five to nineteen members. The term of office of a director shall be stipulated in the Articles of Association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be noticed 10 days before the meeting for every meeting. The Board exercises the following functions and powers:

(1) to convene shareholder's general meetings and report its work to the shareholder's general meetings;

(2) to implement the resolutions of the shareholder's general meeting;

(3) to decide on a company's business plans and investment plans;

(4) to formulate a company's annual financial budget and final accounts;

(5) to formulate a company's profit distribution plan and loss recovery plan;

(6) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;

(7) to formulate plans for cake, division, dissolution or change of corporate form of a company;

(8) to decide on the internal management structure of a company;

(9) to decide on the appointment or dismissal of the manager of a company and their remuneration;

(10) To decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration;

(11) to formulate a company's basic management system;

(12) other functions and powers specified in the Articles of Association.

According to the Mandatory Provisions, the Board of Directors shall formulate proposals for any amendment to the Articles of Association. Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the Articles of Association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he is:

(1) a person without capacity or with restricted capacity;

(2) a person who has been sentenced to criminal punishment due to corruption, bribery, infringement of property, misappropriation of property or destruction of the socialist market economic order, where less than five years have elapsed since the date of completion of the sentence; or a person who has been deprived of his political rights due to a crime, where less than five years have elapsed since the date of completion of the sentence;

(3) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(4) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise; and

(5) persons who have a relatively large amount of debts due and outstanding.

The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to):

(1) to preside over shareholders' general meetings and convene and preside over board meetings;

(2) to examine the implementation of resolutions of the Board;

(3) to sign the securities issued by a company;

(4) to exercise other powers conferred by the Board.

Under the Special Regulations and the Mandatory Provisions, directors, supervisors and senior management of the Company must, in the performance of their duties, abide by the principle of good faith, and shall not place themselves in a position where their own interests may conflict with their obligations.

Supervisors

Under the Company Law, a joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee shall comprise shareholder representatives and an appropriate proportion of the company's staff representatives, of which the proportion of staff representatives shall not be less than one-third and the specific proportion shall be stipulated in the Articles of Association. Employee representatives of the supervisory committee shall be democratically elected by the company's employees at the employee representative assembly, employee general meeting or otherwise. Directors or senior management may not act concurrently as supervisors.

The Supervisory Committee exercises the following powers:

(1) to examine the company's financial affairs;

(2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the Articles of Association or resolutions of shareholders' general meetings;

(3) to demand rectification by a director or senior management when the acts of such persons are harmful to the company's interest;

(4) to propose the convening of extraordinary general meetings, and to convene and preside over shareholders' general meetings when the Board fails to perform the duty of convening and presiding over shareholders' general meetings under the Company Law;

(5) to submit proposals to the shareholders' general meeting;

(6) to initiate legal proceedings against directors and senior management in accordance with the Company Law;

(7) other functions and powers specified in the Articles of Association.

Managers and Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and may exercise the following powers:

(1) to be in charge of the production, operation and management of the company and to organize the implementation of the resolutions of the board of directors;

(2) to organize the implementation of the company's annual business plans and investment plans;

(3) to formulate plans for the establishment of the company's internal management structure;

(4) to draft the company's basic management system;

(5) to formulate the basic rules and regulations of the company;

(6) to propose the appointment or dismissal of the company's deputy manager and financial controller;

(7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors; and

(8) to exercise other powers conferred by the Articles of Association and the Board.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors and other personnel as stipulated in the Articles of Association of the company.

Under the Special Regulations, the Articles of Association of a company shall have binding effect on the company and its shareholders, directors, supervisors, managers and other senior management. Such persons shall be entitled to exercise their rights, propose arbitration or initiate legal proceedings according to the Articles of Association.

Finance and Accounting

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the Company shall prepare a financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual general meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the general meeting or the shareholders' general meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the Articles of Association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. However, the capital reserve shall not be used to make up the company's losses. When the statutory reserve fund is converted into capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' general meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Special Regulations require a company to engage an independent qualified accounting firm to audit the company's annual reports and to review and check other financial reports of the company. The accounting firm's term of office shall commence from the end of the shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

Profit Distribution

Under the Company Law, a company shall not distribute profits before losses are covered and the statutory reserve fund is drawn. The Special Regulations require that any dividend and other distribution to be paid to holders of H Shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, the payment of foreign currency to shareholders shall be made through a receiving agent.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

(1) the term of business stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(2) the general meeting or the shareholders' general meeting resolves to dissolve the company;

(3) dissolution is necessary due to a merger or division of the company;

(4) the business license is revoked, or the business license is ordered to be closed or revoked in accordance with laws;

(5) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

Where the company is dissolved in accordance with sub-paragraph (1) above, it may carry on its existence by amending its articles of association, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting. Where the Company is dissolved pursuant to sub-paragraphs (1), (2), (4) or (5) above, a liquidation committee shall be established and the liquidation shall commence within 15 days after the occurrence of an event of dissolution. The liquidation committee of a joint stock limited company shall be composed of directors or the personnel determined by a shareholders' general meeting. If a liquidation committee is not established within the stipulated period to conduct liquidation, the creditors may apply to the people's court to appoint relevant personnel to form a liquidation committee to conduct liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

(1) to liquidate the company's property and respectively prepare balance sheet and list of property;

(2) to notify creditors by notice or public announcement;

(3) to deal with the outstanding business of the company involved in the liquidation;

(4) to pay all outstanding taxes and taxes arising in the course of liquidation;

(5) to liquidate claims and debts;

(6) to deal with the remaining property of the company after paying off debts;

(7) to participate in civil litigations on behalf of the company.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation committee, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall apply to the people's court for a declaration of insolvency. After the people's court has declared the company bankrupt, the liquidation committee shall hand over the affairs of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report to be submitted to the shareholders' general meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancelation of the company's registration and to announce the termination of the company.

Members of the liquidation committee are required to discharge their duties honestly and in compliance with laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. A member of the liquidation committee is liable to indemnify the company and its creditors in respect of any loss arising from his willful or material default.

Overseas Listing

The shares of a company shall only be listed overseas after obtaining approval from the CSRC and the listing must be arranged in accordance with procedures specified by the State Council. According to the Special Regulations, a company's plan to issue overseas listed foreign shares and domestic shares which has been approved by the CSRC may be implemented by the board of directors of a company by way of separate issues, within 15 months after approval is obtained from the CSRC.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

The Mandatory Provisions provide for a separate procedure regarding the loss of share certificates of overseas-listed foreign shares or of H share certificates, details of which are set out in our Articles of Association.

Securities Laws and Regulations

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating

securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On March 29, 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on April 22, 1993 provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were promulgated by the State Council and came into effect on December 25, 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (hereinafter referred to as the "PRC Securities Law"), which was amended by the Standing Committee of the NPC on December 28, 2019 and came into effect on March 1, 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

The Guidelines for the Application for "Full Circulation" of Domestic Unlisted Shares of H Share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) issued by the CSRC and came into effect on November 14, 2019 regulates the listing and circulation (hereinafter referred to as "Full Circulation") of unlisted domestic shares of domestic stock companies (hereinafter referred to as "H share companies") listed on the Hong Kong Stock Exchange (including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares issued in China upon overseas listing and unlisted shares held by overseas shareholders). The application for "full circulation" by H share companies shall be submitted to the CSRC for approval pursuant to the administrative approval procedures for "overseas public share offering and listing (including additional issuance) of joint stock limited companies". When applying for overseas refinancing, H share companies may separately or concurrently apply for "full circulation". A domestic joint stock limited company whose shares are unlisted may simultaneously make an application for "full circulation" at the time of applying for an overseas initial public issuance and listing.

Arbitration and Enforcement of Arbitral Awards

Under the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (hereinafter referred to as "Arbitration Law") amended by the Standing Committee of the NPC on September 1, 2017 and effective on January 1, 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law (《中國民事訴訟法》). Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

The Mandatory Provisions require an arbitration clause to be included in the articles of association of an issuer. Pursuant to such clause, whenever a dispute or claim arises from any right or obligation provided in the do not accept articles of association, the Company Law or other relevant laws and administrative regulations concerning the affairs of the company between (i) a holder of overseas listed foreign shares and the company; (ii) a holder of overseas listed foreign shares and a holder of domestic shares; or (iii) a holder of overseas listed foreign shares and the company's directors, supervisors or other management personnel, such parties shall be required to refer such dispute or claim to arbitration at either the China International Economic and Trade Arbitration Commission ("CIETAC") or the Hong Kong International Arbitration Center ("HKIAC"). Disputes in respect of the definition of shareholder and disputes in relation to the company's shareholder registry need not be resolved by arbitration. If the party seeking arbitration elects to arbitrate the dispute or claim at the HKIAC, then either party may apply to have such arbitration conducted in Shenzhen in accordance with the securities arbitration rules of the HKIAC.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the PRC Civil Procedure Law. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000 and became effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別

行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court and became effective on November 26, 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Summary of Material Differences between Hong Kong and the PRC Company Law

The Hong Kong law applicable to a company incorporated in Hong Kong is based on the Companies Ordinance and is supplemented by common law and the rules of equity that apply to Hong Kong. As a joint stock limited company established in the PRC that is seeking an initial listing of shares on the Stock Exchange, we are subject to the Company Law and all other rules and regulations promulgated pursuant to the Company Law.

Set out below is a summary of certain material differences between Hong Kong company law applicable to a company incorporated in Hong Kong and the Company Law applicable to a joint stock limited company incorporated and existing under the Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Existence

Under the Hong Kong company law, a company with share capital must be incorporated by the Registrar of Companies in Hong Kong, which will grant a registration certificate to the company upon its incorporation, and the company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company.

Under the Company Law, a joint stock limited company may be incorporated by promotion or public subscription. The minimum registered capital of a joint stock limited company is not required, unless otherwise provided by laws, administrative regulations and the decisions of the State Council, for the paid-up registered capital and the minimum registered capital of a joint stock limited company.

Hong Kong law does not prescribe any minimum registered capital requirements for a Hong Kong company.

Share Capital

The Company Law does not provide for authorized share capital. The share capital of a company incorporated in Hong Kong would be its issued share capital. The full proceeds of a share issue will be credited to share capital and becomes the company's share capital. The directors of a company incorporated in Hong Kong may, with the prior approval of the shareholders if required, issue new shares of the company.

Under the PRC Securities Law, an application for listing shall comply with the listing rules of the stock exchange. Hong Kong law does not prescribe any minimum capital requirements for companies incorporated in Hong Kong.

Under the Company Law, shareholders may provide capital contribution in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). For non-monetary assets to be used as capital contributions, appraisals and assets verification must be carried out to ensure no overvaluation or under-valuation of the assets. There is no such restriction on a Hong Kong company under Hong Kong law.

Restrictions on Shareholding and Transfer of Shares

Under PRC law, the Domestic Shares, which are denominated and subscribed for in Renminbi, can only be subscribed for and traded by PRC investors, designated qualified overseas institutional investors or qualified overseas strategic investors. Overseas listed shares, which are denominated in Renminbi and subscribed for in a foreign currency, may only be subscribed for, and traded by, investors from countries and regions outside the PRC or other qualified PRC institutional investors. If the H Shares are eligible securities under the Southbound Trading Link, they are also available for subscription and trading by domestic investors in the PRC pursuant to the rules and restrictions of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

Under the Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares in a joint stock limited company held by its directors, supervisors and senior management transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from the six-month lockup on the company's issue of shares and the 12-month lockup on controlling shareholders' disposal of shares, as illustrated by the undertakings given by the Company and our Controlling Shareholders to the Stock Exchange.

Financial Assistance for Acquisition of Shares

Although the Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares, the Mandatory Provisions contain certain restrictions on a company and its subsidiaries on providing such financial assistance similar to those under Hong Kong company law.

Notice of Shareholders' General Meeting

Under the Company Law, notice of a shareholders' general meeting must be given not less than 20 days before the meeting, while notice of an extraordinary general meeting must be given not less than 15 days before the meeting. If a company has bearer shares, a public announcement of a shareholders' general meeting must be made at least 30 days prior to the meeting.

For a limited company incorporated in Hong Kong, the notice period for an annual general meeting is at least 21 days and in any other case, at least 14 days for a limited company and at least 7 days for an unlimited company.

Quorum for Shareholders' General Meetings

The Company Law does not specify any quorum requirement for a shareholders' general meeting. Under Hong Kong law, the quorum for a shareholders' general meeting is two members unless the articles of association of the company otherwise provide. For a single member company, one member is a quorum.

Voting at Shareholders' General Meetings

Under the Company Law, the passing of any resolution requires more than half of the votes held by the shareholders present in person or by proxy. Amendments to the articles of association, change of corporate form, increase or decrease of registered capital and merger, division or dissolution must be approved by shareholders or proxies representing more than two-thirds of the voting rights being present in shareholders' general meeting.

Under Hong Kong law, (1) an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a shareholders' general meeting and (2) a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a shareholders' general meeting.

Variation of Class Rights

The Company Law has no special provision relating to variation of class rights. However, the Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contain provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (1) with the approval of a special resolution of the holders of the relevant class at a separate meeting; (2) with the consent in writing of the holders of at least three-fourths of the total voting rights of holders of shares in the class in question; (3) by agreement of all the members of a Hong Kong company or (4) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

Directors, Senior Management and Supervisors

The Company Law, unlike the Companies Ordinance, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain restrictions on major disposals and specify the circumstances under which a director may receive compensation for loss of office.

Supervisory Committee

Under the Company Law, a joint stock limited company's directors and senior management are subject to the supervision of a supervisory committee. There is no mandatory requirement for the establishment of a supervisory committee for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Derivative Action by Minority Shareholders

Hong Kong law permits minority shareholders to initiate a derivative action on behalf of all shareholders against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name.

Under the Company Law, if the directors and senior management of a joint stock limited company violate laws, administrative regulations or its articles of association, resulting in losses to the company, shareholders individually or jointly holding over 1% of the shares in the company for more than 180 consecutive days may request in writing the supervisory committee to initiate proceedings in the people's court. If the supervisors violate the relevant provisions of the Company Law, the above shareholders may request in writing the board of directors to initiate litigation at the people's court. Upon receipt of such written request from the shareholders, if the supervisory committee or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

The Mandatory Provisions provide further remedies against the directors, supervisors and senior management who breach their duties to the company.

Protection of Minorities

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong.

The Company Law provides that any shareholders holding 10% or more of the voting rights of all issued shares of a company may request a People's Court to dissolve the company to the extent that the operation or management of the company experiences any serious difficulties and the company continues to suffer serious losses and no other alternatives can resolve.

Financial Disclosure

Under the Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' general meeting. In addition, a joint stock limited company of which the public offering Shares are offered must publish its financial report. The Hong Kong law requires a company incorporated in Hong Kong to send to every shareholder a copy of its financial report, auditors' report and directors' report, which are to be presented before the company in its annual general meeting, not less than 21 days before such meeting.

Under the Company Law, a company shall at the end of each accounting year prepare a financial report which shall be audited by the accounting firm in accordance with the laws. The Mandatory Provisions require that a company should, in addition to preparing financial statements according to the Accounting Standards for Business Enterprises and the laws, have its financial statements prepared and audited in accordance with international or Hong Kong accounting standards and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the Accounting Standards for Business Enterprises.

The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on Directors and Shareholders

The Company Law gives shareholders the right to inspect the articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Under the articles of association, shareholders have the right to inspect and copy (at reasonable fee) certain information on shareholders and on directors similar to that available to shareholders of Hong Kong companies under the Hong Kong law.

Receiving Agents

Under the Company Law and Hong Kong law, dividends once declared are debts payable to shareholders. Under Hong Kong law, the limitation period for an action to demand repayment of a debt is six years, whereas the PRC Civil Code (《中華人民共和國民法典》) provides that the limitation period for an action to be taken is three years.

The Mandatory Provisions require that the relevant company shall appoint a receiving agent for shareholders of overseas listed foreign shares. The receiving agent shall, on behalf of the shareholder, receive on behalf of holders of shares dividends distributed and other amounts payable by the company in respect of the overseas listed foreign shares.

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to Section 673 and Section 674 of the Companies Ordinance, which requires the sanction of the court.

Under the Company Law, the merger, demerger, dissolution or change to the forms of a joint stock limited company has to be approved by shareholders in shareholders' general meeting.

Statutory Deductions

Under the Company Law, a company shall draw 10% of the profits as its statutory reserve fund before it distributes any profits after taxation. When the aggregate amount of the company's statutory reserve fund reaches 50% of the company's registered capital, the company may no longer make allocations from the statutory reserve fund. After a company has made an allocation to its statutory reserve fund from its after-tax profit, it may make an allocation to its discretionary reserve fund from its after-tax profit upon a resolution approved at the shareholders' general meeting. There are no such requirements under Hong Kong law.

Dispute Arbitration

Under Hong Kong law, disputes between shareholders and a company incorporated in Hong Kong or its directors may be resolved through the legal proceedings in the courts. The Mandatory Provisions provide that disputes between a shareholder of H shares and the company, a shareholder of H shares and directors, supervisors, managers and other senior management of the company or a shareholder of H shares and a shareholder of domestic shares, arising from the articles of association, other relevant laws and administrative regulations can be referred to arbitration at either the HKIAC or the CIETAC.

Remedies of Company

Under the Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages.

The Listing Rules require listed companies' articles of association to provide for remedies of the company (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividend

The company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to a shareholder.

Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is three years. The company shall not exercise its powers to forfeit any unclaimed dividend after the expiry of the applicable limitation period.

Fiduciary Duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors.

Under the Special Regulations, directors, supervisors, managers and other senior management personnel of a company have the duty of loyalty and diligence to the company. Such persons shall

abide by the articles of association of the company, perform their duties faithfully, safeguard the interests of the company, and shall not use their position and authority in the company for their personal gain.

Closure of Register of Members

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the Company Law and the Mandatory Provisions, share transfers shall not be registered within 30 days before the date of a shareholders' general meeting or within five days before the base date set for the purpose of distribution of dividends.

Shares

Issuance of shares

The shares of the Company shall take the form of share certificates. The Company shall have ordinary shares at all times. The Company may create other classes of shares according to its needs and upon approval by the companies approving department authorized by the State Council.

The Company shall issue shares in an open, fair and just manner, and each share of the same class shall rank pari passu with each other.

Shares of the same class in the same issue shall be offered under the same conditions and at the same price; any entity or individual shall pay the same price for each share subscribed.

Subject to the approval of the securities regulatory authority of the State Council, the Company may issue shares to domestic and foreign investors.

After the Company's overseas issuance and listing of shares, subject to the approval of the securities regulatory authorities of the State Council, shareholders holding unlisted shares of the Company may transfer all or part of their shares to overseas investors for listing and trading on overseas stock exchanges; all or portions of the domestic shares may be converted into foreign shares, and the converted foreign shares may be listed and traded on overseas stock exchanges.

Subject to the approval of the securities regulatory authorities of the State Council on the Company's plan to issue overseas listed foreign shares and domestic shares, the Board of the Company may make implementation arrangements for separate issuance. The Company may separately implement its plan to issue overseas listed foreign shares and domestic shares pursuant to the preceding paragraph within 15 months from the date of approval by the securities regulatory authority of the State Council. If the Company separately issues overseas listed foreign shares and domestic shares within the total number of shares specified in the issuance plan, the shares shall be fully subscribed for at one time; if the shares cannot be fully subscribed for at one time under special circumstances, the shares may be issued in several tranches subject to the approval of the securities regulatory authority of the State Council.

Increase/Decrease of Shares

The Company may, based on its operation and development needs and in accordance with laws and administrative regulations increase its registered capital in the following ways in accordance with the provisions of the Articles of Association:

(1) offering new shares to non-specific investors;

(2) placing new shares to existing shareholders;

(3) distributing new shares to its existing shareholders;

(4) conversion of capital reserve into share capital;

(5) other means approved by the PRC laws and regulations, the securities regulatory authorities of the place where the shares of the Company are listed and the Hong Kong Stock Exchange.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations of the State.

According to the Articles of Association, the Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the Company Law, other relevant regulations and the procedures stipulated in the Articles of Association.

When the Company reduces its registered capital, it must prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days and publish an announcement in newspapers within 30 days after the resolution approving the reduction has been made. The creditors shall have the right to require the Company to repay its debts within 30 days after receiving the notice, or provide corresponding guarantees within 45 days after the announcement if the creditors have not received the notice.

The Company's registered capital after reduction shall not be less than the statutory minimum amount.

Share Repurchase

The Company may, in accordance with the procedures set out in the Articles of Association and with the approval of the relevant governing authority of the State, repurchase its outstanding shares under the following circumstances:

(1) cancellation of shares for the purpose of reducing its capital;

(2) merging with another company that holds shares in the Company;

(3) using the shares for employee stock ownership plan or equity incentives;

(4) acquiring shares held by shareholders (upon their request) who vote against any resolution proposed in any Shareholders' General Meeting on the merger or division of the Company;

(5) using the shares for conversion of corporate bonds issued by the listed company that are convertible into shares;

(6) it is necessary for the listed company to safeguard its corporate value and shareholders' interests;

(7) other circumstances stipulated by the laws and regulations of the PRC, the securities regulatory authorities of the place where the shares of the Company are listed and the Hong Kong Stock Exchange.

Where the Company acquires its own shares under the circumstances set out in items (1) and (2) above, it shall be subject to the resolution of the Shareholders' General Meeting; where the Company acquires its own shares under the circumstances set out in items (3), (5) and (6) above, it shall be subject to the resolution of the Board meeting attended by more than two-thirds of the Directors.

After the Company has bought back its own shares, such shares shall be cancelled within ten days from the date of buy-back in the case of item (1); such shares shall be transferred or cancelled

within six months in the case of items (2) and (4); such shares shall not exceed 10% of the total issued shares of the Company in the case of items (3), (5) and (6), and shall be transferred or cancelled within three years.

The Company may, with the approval of the relevant competent authorities of the State, repurchase its shares in one of the following ways:

(1) making a repurchase offer to all shareholders on a pro rata basis;

(2) to repurchase shares through public trading on a security exchange;

(3) to repurchase through an agreement outside a security exchange;

(4) other means approved by the laws and regulations of the PRC, the securities regulatory authorities of the place where the shares of the Company are listed and the Hong Kong Stock Exchange.

Where the Company repurchases its shares by an off-market agreement outside a security exchange, it shall obtain prior approval at the Shareholders' General Meeting in accordance with the Articles of Association. The Company may release, vary or waive its rights under a contract so entered into by the Company with the prior approval of Shareholders' General Meetings obtained in the same manner.

The Company shall not assign a contract to repurchase its shares or any of its rights thereunder.

Transfer of Shares

Unless otherwise provided by the PRC laws and regulations, the securities regulatory authorities of the place where the Company's shares are listed and the Hong Kong Stock Exchange, fully-paid shares of the Company are free from any restriction on the right of transfer and are freely transferable without any lien attached. Transfer of overseas listed foreign shares listed in Hong Kong shall be made to the local share registrar in Hong Kong appointed by the Company.

The Company shall not accept its own shares as the subject matter of a pledge.

Shares of the Company held by the promoters shall not be transferred within one year from the date of establishment of the Company. Directors, Supervisors and Senior Management of the Company shall report to the Company their shareholdings in the Company and changes thereof and shall not transfer more than 25% of the total number of shares of the Company held by them each year during their term of office. The aforementioned personnel shall not transfer the shares of the Company held by them within half a year after they leave the Company.

Any gains from the sale of shares of the Company by any Director, Supervisor, Senior Management or shareholders holding more than 5% of the shares of the Company within six months after their purchase of such shares, or from the purchase of shares of the Company within six months after the sale of such shares, shall be vested in by the Company and the Board of the Company shall forfeit such gains.

Financial Assistance to Purchase Shares of the Company

The Company or its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who acquires or intend to acquire shares of the Company. The said acquirer of shares of the Company includes a person who directly or indirectly incurs any obligations due to the acquisition of shares of the Company.

The Company or its subsidiaries shall not, by any means at any time, provide financial assistance to the said obligor for the purpose of reducing or discharging the obligations assumed by aforesaid person.

The aforesaid financial assistance shall include (but not limited to) the following:

(1) gift;

(2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), indemnity (other than an indemnity in respect of the Company's own default), release or waiver of any rights;

(3) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights arising under, such loan or agreement;

(4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The following acts shall not be deemed as acts prohibited above:

(1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose in giving the financial assistance is not for the acquisition of shares in the Company, or the giving of the financial assistance is an incidental part of some larger purpose of the Company;

(2) the lawful distribution of the Company's assets as dividends;

(3) distribution of dividends in the form of shares;

(4) reduction of registered capital, repurchase of shares and adjustment of shareholding structure in accordance with the Articles of Association;

(5) the lending of money by the Company within its scope of business in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits);

(6) the provision of money by the Company for contributions to staff and workers' share schemes (provided that the net assets of a company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits).

Shareholders and Shareholders' General Meetings

Share Register

The Company shall maintain a register of shareholders to record the following, or register the shareholders in accordance with the PRC laws and regulations, the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed and the Hong Kong Stock Exchange:

(1) the name (title), address (residence), occupation or nature of each shareholder;

(2) the class and number of shares held by each shareholder;

(3) the amount paid or payable for the shares held by each shareholder;

(4) the serial number of the shares held by each shareholder;

(5) the date on which each shareholder is registered as a shareholder;

(6) the date on which each shareholder ceases to be a shareholder.

Unless there is evidence to the contrary, the register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company.

No changes resulting from share transfers may be made to the register of shareholders within 30 days before the date of a Shareholders' General Meeting or within five days before the record date set by the Company for the purpose of distribution of dividends.

Rights and Obligations of Shareholders

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders. A shareholder shall enjoy rights and assume obligations according to the class and number of shares held by him. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

The ordinary shareholders of the Company shall enjoy the following rights:

(1) to receive dividends and other distributions in proportion to the number of shares held;

(2) to request, convene, preside over, attend or appoint a proxy to attend Shareholders' General Meetings and to exercise the corresponding voting rights in accordance with the laws;

(3) to supervise the Company's operations, and to put forward proposals or raise inquiries;

(4) the right to transfer, give or pledge shares held by them in accordance with laws, administrative regulations and the Articles of Association;

(5) to obtain relevant information in accordance with the Articles of Association, including:

1. the right to obtain the Articles of Association upon payment of the cost thereof;

2. the right to inspect and copy, subject to payment of a reasonable fee:

(1) all parts of the register of shareholders;

(2) personal particulars of each of the Company's Directors, Supervisors, managers and other Senior Management officers, including:

(a) present and former names and aliases;

(b) principal address (residence);

(c) nationality;

(d) primary and all other part-time occupations and duties;

(e) identification document and its number;

(3) status of the Company's share capital;

(4) the latest audited financial statements of the Company and the reports of the Board, auditors and the Supervisory Committee;

(5) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;

(6) a copy of the latest annual inspection report filed with the competent administration for industry and commerce or other competent authorities;

(7) minutes of Shareholders' General Meetings (for shareholders' review only) and special resolutions of the Company.

The Company shall make the documents mentioned in the preceding paragraph (2) and other applicable documents available at the Company's Hong Kong address in accordance with the requirements of the Hong Kong Listing Rules for inspection by the public and holders of overseas listed shares free of charge (except for the minutes of Shareholders' General Meetings which are available for inspection by shareholders only).

The Company may refuse to provide any of the information it has inspected and photocopied that involves commercial secrets and inside information of the Company as well as personal privacy of relevant personnel.

(6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;

(7) to request the Company to purchase the shares held by shareholders who vote against any resolution proposed in any Shareholders' General Meeting on the merger or division of the Company;

(8) Shareholders individually or jointly holding more than 3% of the Company's shares shall have the right to propose extraordinary resolutions in writing to the Board ten days prior to the convening of the Shareholders' General Meeting;

(9) other rights conferred by laws, administrative regulations, departmental rules or the Articles of Association.

The shareholders the ordinary shares of the Company shall assume the following obligations:

(1) to abide by laws, administrative regulations and the Articles of Association;

(2) to pay subscription monies according to the number of shares subscribed and the method of subscription;

(3) not to withdraw their shares unless required by laws and administrative regulations;

(4) not to abuse their shareholders' rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company; where a shareholder of the Company abuses his/her shareholder's rights and causes losses to the Company or other shareholders, he/she shall be liable for compensation in accordance with the law; where a shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade repayment of debts and seriously damage the interests of the creditors of the Company, he/she shall be jointly and severally liable for the debts of the Company;

(5) other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by subscribers of relevant shares on subscription unless otherwise provided.

Shareholders' General Meetings

The Shareholders' General Meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with laws:

(1) to decide on the Company's business policies and investment plans;

(2) to elect and replace Directors and Supervisors who are not representatives of the employees and to decide on matters relating to the remuneration of Directors and Supervisors;

(3) to examine and approve reports of the Board of Directors;

(4) to examine and approve reports of the Supervisory Committee;

(5) to examine and approve the Company's annual financial budget and final accounts;

(6) to examine and approve the Company's profit distribution plans and loss recovery plans;

(7) to resolve on the increase or reduction of the Company's registered capital;

(8) to resolve on the issue of bonds, issue of shares of any class, warrants and other similar securities and listing of the Company;

(9) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;

(10) to amend the Articles of Association;

(11) to consider and approve proposals submitted by shareholders individually or jointly holding more than 3% of the voting shares of the Company;

(12) to resolve on the appointment, dismissal or non-reappointment of the accounting firm of the Company;

(13) to examine and approve guarantees which shall be approved by the Shareholders' General Meeting;

(14) to consider and approve matters relating to the Company's purchase or disposal of material asset guarantees with an amount exceeding 30% of the total assets of the Company within one year;

(15) to consider share incentive plans;

(16) to consider other matters required by the laws, administrative regulations, departmental rules or the Articles of Association to be decided by the Shareholders' General Meeting;

(17) other matters as required by the listing rules of the security exchange in the place where the shares of the Company are listed.

The above matters within the scope of authority of the Shareholders' General Meeting shall be considered and decided by the Shareholders' General Meeting, but the Shareholders' General Meeting may authorize the Board to decide under necessary, reasonable and legal circumstances. The authorization to the Board of Directors by the Shareholders' General Meeting shall be approved by more than half of the voting rights held by the shareholders (including their proxies) attending the Shareholders' General Meeting if the authorized matters fall within the scope of ordinary resolutions; the authorization to the Board of Directors by the shareholders (including their proxies) attending the Shareholders' General Meeting shall be approved by more than two-thirds of the voting rights held by the shareholders (including their proxies) attending the Shareholders' General Meeting if the authorized matters fall within the scope of special resolutions. The contents of the authorization shall be clear and specific.

Any external guarantee of the Company shall be considered and approved by the Board. Any guarantee provided by the Company to its shareholders or de facto controllers shall be subject to the resolution of the Shareholders' General Meeting.

The Company shall not, without the prior approval at the Shareholders' General Meeting, enter into any contract with any person other than a Director, Supervisor, general manager and other Senior Management whereby the management and administration of the whole or any substantial part of the business of the Company is to be handed over to such person.

The Shareholders' General Meetings are divided into annual Shareholders' General Meetings and extraordinary Shareholders' General Meetings. The annual Shareholders' General Meeting shall be held once every year within six months after the end of the previous accounting year.

Extraordinary Shareholders' General Meetings shall be convened when necessary. The Board shall convene an extraordinary Shareholders' General Meeting within two months from the date of occurrence of any of the following circumstances:

(1) the number of Directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the Articles of Association;

(2) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;

(3) shareholders individually or jointly holding more than 10% of the Company's shares request in writing;

(4) when deemed necessary by the Board or as proposed by the Supervisory Committee;

(5) when proposed by more than two independent non-executive Directors;

(6) other circumstances stipulated by the laws and regulations of the PRC, the securities regulatory authorities of the place where the shares of the Company are listed and the Hong Kong Stock Exchange.

Convening of Shareholders' General Meetings

Shareholders' General Meetings shall be convened by the Board in accordance with laws.

Shareholders who request to convene an extraordinary Shareholders' General Meeting or class Shareholders' General Meeting shall follow the following procedures:

(1) Shareholders individually or jointly holding more than 10% of the shares carrying the right to vote at the meeting sought to be held may sign one or more written requests of identical form and substance requesting the Board to convene an extraordinary Shareholders' General Meeting or a class meeting and stating the subject of the meeting. The Board shall convene an extraordinary Shareholders' General Meeting or a class Shareholders' General Meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid number of shares held shall be calculated as at the date of the written request.

(2) If the Board fails to issue a notice of convening such meeting within 30 days upon receipt of the aforesaid written request, the shareholders who made such request may request the Supervisory Committee to convene an extraordinary Shareholders' General Meeting or a class Shareholders' General Meeting.

(3) If the Supervisory Committee fails to issue a notice of convening such meeting within 30 days upon receipt of the aforesaid written request, the shareholders individually or jointly holding more than 10% of the voting shares at the proposed meeting for more than 90 consecutive days may convene such meeting on their own within four months upon receipt of the request by the Board. The convening procedures shall, to the extent possible, be the same as those for convening a Shareholders' General Meeting by the Board.

Any reasonable expenses incurred by the shareholders in convening and holding a meeting by reason of the failure of the Board to convene a meeting pursuant to the aforesaid request shall be

borne by the Company and shall be set off against sums owed by the Company to the Directors in default.

Proposals at Shareholders' General Meetings

When a company convenes a Shareholders' General Meeting, shareholders individually or jointly holding more than 3% of a company's shares may submit ad hoc proposals in writing to the convener 10 days before the Shareholders' General Meeting is convened. The convener shall issue a supplementary notice of the Shareholders' General Meeting to other shareholders within two days after receipt of the proposal, and include the matters in the proposal which are within the scope of duties of the Shareholders' General Meeting into the agenda of the meeting and submit it to the Shareholders' General Meeting for consideration.

Except for the circumstances specified above, the convener shall not amend the proposals set out in the notice of the Shareholders' General Meeting or add new proposals after the issuance of the notice of the Shareholders' General Meeting.

Proposals not set out in the notice of the Shareholders' General Meeting or not complying with the Articles of Association shall not be voted on or resolved at the Shareholders' General Meeting.

Proposals of the Shareholders' General Meeting shall meet the following conditions:

(1) the content does not conflict with the laws, regulations and the Articles of Association, and is within the scope of business of the Company and the terms of reference of the Shareholders' General Meeting;

(2) it shall have definite topics to discuss and specific matters to resolve;

(3) it shall be submitted to the Board in writing.

Notice of Shareholders' General Meeting

When the Company is to hold an annual Shareholders' General Meeting, it shall issue a written notice 20 business days (excluding the date of the notice and the meeting) prior to the meeting informing all the registered shareholders of the matters to be considered at the meeting as well as the date and place of the meeting by way of an announcement. Notice of an extraordinary Shareholders' General Meeting shall be given by way of an announcement to all shareholders whose names appear on the register of shareholders 15 days or 10 business days (whichever is longer) before the meeting (excluding the date of the notice and the meeting).

The notice of a Shareholders' General Meeting sent to holders of overseas listed shares shall be published on the website of the Hong Kong Stock Exchange and the Company's website 20 business days prior to the date of the annual Shareholders' General Meeting (excluding the date of the notice and the meeting), 15 days or 10 business days (whichever is longer) prior to the date of the extraordinary Shareholders' General Meeting (excluding the date of the notice and the meeting). Once the announcement is made, all holders of overseas listed shares shall be deemed to have received the notice of the relevant Shareholders' General Meeting.

An extraordinary Shareholders' General Meeting shall not decide on matters not stated in the notice.

The notice of a Shareholders' General Meeting shall include the following:

(1) be made in writing;

(2) specify the time, place and date of the meeting;

(3) state the matters to be discussed at the meeting;

(4) provide such information and explanation as are necessary for the shareholders to exercise an informed judgment on the proposals before them. This principle includes (but not limited to), where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;

(5) contain a disclosure of the nature and extent, if any, of the material interests of any Director, Supervisor, general manager or other Senior Management in the proposed transaction and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of other shareholders of the same class;

(6) contain the full text of any special resolution proposed to be passed at the meeting;

(7) contain conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on his behalf and that a proxy need not be a shareholder of the Company;

(8) specify the time and place for lodging proxy forms for voting at the meeting;

(9) other matters stipulated by laws, administrative regulations and regulatory documents.

Convening of Shareholders' General Meetings

Any shareholder entitled to attend and vote at a Shareholders' General Meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his behalf. A proxy so appointed shall be entitled to exercise the following rights in accordance with the authorization from that shareholder:

(1) have the same right as the shareholder to speak at the Shareholders' General Meeting;

(2) have authority to demand or join in demanding a poll;

(3) Unless otherwise required by the laws and regulations of the PRC, the requirements of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Hong Kong Stock Exchange, exercise the right to vote by hand or on a poll, but when more than one proxy is appointed, the proxies may only vote on a poll.

The instrument appointing a proxy shall be in writing under the hand of the principal or his attorney duly authorized in writing, or if the principal is a legal person either under seal or under the hand of a Director or attorney duly authorized.

The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other place as specified in the notice of meeting at least 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours prior to the specified time of the voting. If the proxy form is signed by a person authorized by the principal, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing the voting proxy, be deposited at the Company's domicile or at such other place as specified in the notice of the meeting.

If the principal is a legal person, its legal representative or such person as is authorized by resolution of its Board of Directors or other governing body to act as its representative may attend at the Shareholders' General Meeting of the Company.

Any form issued to a shareholder by the Board for use by him for appointing a proxy to attend and vote at a meeting of the Company shall be such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favor of or against each resolution dealing with business to be transacted at the meeting. Such a form shall contain a statement that in the absence of instructions from the shareholder, the proxy may vote as he thinks fit.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, loss of capacity, revocation or transfer as aforesaid shall have been received by the Company before the commencement of the meeting at which the proxy is used.

Resolutions of Shareholders' General Meetings

Resolutions of the Shareholders' General Meeting shall be divided into ordinary resolutions and special resolutions. To adopt an ordinary resolution, votes representing more than one-half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed. To adopt a special resolution, votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

The following shall be resolved by an ordinary resolution at a Shareholders' General Meeting:

(1) work reports of the Board and the Supervisory Committee;

(2) profit distribution plans and loss recovery plans formulated by the Board;

(3) appointment and removal of the members of the Board and the Supervisory Committee (except for the employee representative Supervisors) and their remuneration and method of payment;

(4) annual financial budgets, final accounts, balance sheets, income statements and other financial statements of the Company;

(5) other matters other than those required by the laws, administrative regulations or the Articles of Association to be adopted by special resolutions.

The following shall be resolved by a special resolution at a Shareholders' General Meeting:

(1) the increase in or decrease of the Company's registered capital and the issuance of shares of any class, warrants and other similar securities;

(2) issuance of corporate bonds by the Company;

(3) division, merger, dissolution, liquidation and change of corporate form of the Company;

(4) amendments to the Articles of Association;

(5) the Company's purchase or sale of material assets with a guaranteed amount exceeding 30% of the Company's total assets within one year;

(6) any other matters required by the laws, administrative regulations or the Articles of Association, and matters considered by the Shareholders' General Meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution;

(7) other matters required by the Hong Kong Stock Exchange to be approved by special resolutions.

The nomination methods and procedures for the election of Directors and Supervisors (excluding employee representative Supervisors) at the Shareholders' General Meeting are as follows:

(1) Shareholders who hold or jointly hold more than 3% of the Company's total outstanding shares with voting rights may propose candidates for Directors and non-employee representative Supervisors to the Shareholders' General Meeting by way of written proposal, provided that the number of candidates nominated shall comply with the provisions of the Articles of Association and shall not exceed the number of candidates to be elected. The aforesaid proposal made by shareholders to the Company shall be delivered to the Company at least seven days prior to the date of the Shareholders' General Meeting.

(2) The Directors and Supervisors may, within the number specified in the Articles of Association and based on the number of candidates to be elected, propose a list of candidates for Directors and Supervisors, and submit the list to the Board of Directors and the Supervisory Committee for review. After the Board of Directors and the Supervisory Committee have reviewed and resolved to determine the candidates for Directors and Supervisors, they shall submit a written proposal to the Shareholders' General Meeting.

(3) A written notice of the intention to nominate a candidate for election as a Director or a Supervisor who is not an employee representative, the acceptance of nomination by such candidate and the relevant written materials of the nominated candidate shall be given to the Company not less than seven days prior to the date of the Shareholders' General Meeting (such seven-day period shall commence no earlier than the second day after the issue of the notice of the meeting at which the election shall be conducted and end no later

than seven days prior to the date of the Shareholders' General Meeting). The Board of Directors and the Supervisory Committee shall provide shareholders with the resumes and basic information of the candidates for Directors and Supervisors.

(4) The period given to the Company for nominating candidates for Directors and Supervisors and the period for the nominees to submit the aforesaid notice and documents (such period shall commence from the day following the date of the notice of the Shareholders' General Meeting) shall be no less than seven days.

(5) The Shareholders' General Meeting shall vote on each candidate for Director or Supervisor one by one.

Special Procedures for Voting by Class Shareholders

Shareholders holding different classes of shares are class shareholders. Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Articles of Association.

Rights conferred on any class of shareholders may not be varied or abrogated unless approved by a special resolution of shareholders in the Shareholders' General Meeting and by affected class shareholders at a separate meeting conducted in accordance with the Articles of Association.

Where any changes in domestic and foreign laws, administrative regulations and the listing rules of the place where the shares are listed, as well as decisions made under law by domestic and foreign regulatory authorities, lead to the variation or abrogation of rights of class shareholders, no approval of shareholder' meeting or class meeting would be required.

The transfer by the Company's domestic shareholders of all or part of the domestic shares held thereby to foreign investors for listing and trading on overseas security exchange or the conversion of all or part of the domestic shares into overseas listed foreign shares for listing and trading on overseas security exchange shall not be deemed as the Company's intention to vary or abrogate the rights of class shareholders.

The following circumstances shall be deemed to be a variation or abrogation of the rights of a certain class shareholder:

(1) to increase or decrease the number of shares of such class, or increase or decrease the number of shares of a class having voting rights, distribution rights or privileges equal or superior to those of the shares of such class;

(2) to effect an exchange of all or part of the shares of such class into shares of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;

(3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;

(4) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;

(5) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of such class;

(6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;

(7) to create a new class of shares having voting or distribution rights or privileges equal or superior to those of the shares of such class;

(8) to restrict the transfer or ownership of the shares of such class or to increase such restrictions;

(9) to grant share subscription options or share conversion options of such class or another class;

(10) to increase the rights and privileges of shares of another class;

(11) to restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of such proposed restructuring; and

(12) to vary or abrogate the provisions of this Chapter.

Shareholders of the affected class, whether or not otherwise having the right to vote at Shareholders' General Meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) above, but interested shareholder(s) shall not be entitled to vote at class meetings.

The aforesaid interested shareholders shall have the following meanings:

(1) in the case of a repurchase of shares by offers to all shareholders on a pro rata basis or public dealing on the Hong Kong Stock Exchange in accordance with the Articles of Association, "interested shareholders" refers to the controlling shareholder within the meaning of the Articles of Association;

(2) in the case of a repurchase of shares by an off-market agreement outside the Hong Kong Stock Exchange in accordance with the Articles of Association, "interested shareholders" refers to the shareholder related to such agreement;

(3) in the case of a restructuring of the Company, "interested shareholders" refers to the shareholder within a class who bears less than a proportionate burden imposed on other shareholders of that class under the proposed restructuring or who has an interest different from the interest of shareholders of that class.

Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who, according to the Articles of Association, are entitled to vote at class meetings.

The special procedures for voting by class shareholders shall not apply in the following circumstances:

(1) where the Company issues, upon the approval by a special resolution of its Shareholders' General Meeting, domestic shares, unlisted foreign shares and overseas listed shares either separately or concurrently once every 12 months, and the number of domestic shares and overseas listed shares to be issued shall not exceed 20% of the issued and outstanding shares of each class;

(2) where the Company's plan to issue domestic shares, unlisted foreign shares and overseas listed shares at the time of its establishment is carried out within 15 months from the date of approval by the securities regulatory authorities of the State Council;

(3) where upon the approval of the securities regulatory authority of the State Council, the holders of domestic shares of the Company transfer all or part of their shares to overseas investors or convert the domestic shares into overseas listed foreign shares, which are listed and traded on overseas stock exchanges; or convert all or part of the Company's issued unlisted shares into overseas listed shares.

Directors and Board of Directors

Directors

Directors shall be elected or replaced at Shareholders' General Meetings and shall each serve a term of three years, subject to re-election upon expiry of the said term.

If the number of Directors falls below the minimum quorum as a result of a Director's resignation, such Director shall continue to perform his/her duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a new Director is elected.

The Board

The Company has a Board of Directors, which is accountable to the Shareholders' General Meeting. The Board consists of nine (9) Directors. The Board shall have a chairman. The chairman shall be elected and removed by more than half of all the Directors for a term of three years and may be re-elected.

The Board is held accountable to Shareholders' General Meeting and exercises the following powers:

(1) to convene Shareholders' General Meetings and report its work to the Shareholders' General Meetings;

(2) to implement the resolutions of the Shareholders' General Meeting;

(3) to decide on the Company's business plans and investment plans;

(4) to formulate the Company's annual financial budget and final accounts;

(5) to formulate the Company's profit distribution plan and loss recovery plan;

(6) to formulate the proposals for increase or reduction of the Company's registered capital and the issue and listing of bonds or other securities of the Company;

(7) to formulate plans for material acquisitions, purchase of the Company's shares, merger, division, dissolution and change of corporate form of the Company;

(8) to determine the establishment of the Company's internal management structure;

(9) to appoint or dismiss the Company's general manager; to appoint or dismiss the Company's deputy general manager, chief financial officer and other Senior Management as nominated by the general manager, and to decide on their remuneration, rewards and punishments;

(10) to formulate the Company's basic management system;

(11) to formulate proposals for any amendment to the Articles of Association;

(12) investment, acquisition or disposal of assets, financing, connected transactions and other matters required to be decided by the Board in accordance with the Listing Rules of the Hong Kong Stock Exchange;

(13) to manage the information disclosure of the Company in accordance with laws and regulations, the Listing Rules of the Hong Kong Stock Exchange and the internal rules and regulations of the Company;

(14) to decide on other major affairs of the Company, save for matters to be resolved at the Shareholders' General Meetings as required by the Company Law and the Articles of Association;

(15) to exercise other functions and powers conferred by laws, administrative regulations, departmental rules or the Articles of Association.

Except for the matters specified in (6), (7) and (11) which shall be approved by more than two-thirds of the Directors, the Board of Directors shall approve the above resolutions by more than half of all Directors.

The chairman of the Board of Directors exercises the following powers:

(1) to preside over Shareholders' General Meetings and convene and preside over meetings of the Board;

(2) to supervise and inspect the implementation of resolutions of the Board;

(3) to sign share certificates, corporate bonds and other marketable securities issued by the Company;

(4) other powers stipulated by laws and regulations or the Articles of Association and authorized by the Board.

Where the chairman is unable to perform his/her duties, a Director nominated by more than half of the Directors shall perform his/her duties.

Board meetings comprise regular meetings and ad hoc meetings. Board meetings shall be held at least four times a year and shall be convened by the chairman of the Board.

Under any of the following circumstances, the chairman of the Board shall convene an extraordinary meeting of the Board within ten days after receipt of the proposal:

(1) proposed by shareholders representing more than one tenth of the voting rights;

(2) jointly proposed by more than one-third of the Directors;

(3) proposed by the Supervisory Committee;

(4) proposed by the chairman;

(5) proposed by more than half of the independent non-executive Directors .

Disposal of Fixed Assets

The Board shall not, without the prior approval of shareholders in a Shareholders' General Meeting, dispose or agree to dispose of, any fixed assets where the aggregate of the expected value of the consideration for the proposed disposition and the value of the consideration for any disposition of any fixed assets that has been completed in the period of four months immediately preceding the proposed disposition, exceeds 33% of the value of fixed assets as shown in the last balance sheet placed before the Shareholders' General Meeting.

The aforesaid disposal of fixed assets includes an act involving the transfer of an interest in assets but does not include the provision of fixed assets as security.

The validity of the Company's transaction for disposal of a fixed asset is not affected by the violation of the above provisions.

Board Secretary

The Company shall have a secretary to the Board. The secretary to the Board is a member of the Senior Management of the Company.

The secretary to the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed or dismissed by the Board. His/her primary responsibilities are:

(1) to ensure that the Company has complete organizational documents and records;

(2) to ensure that the Company prepares and submits the reports and documents required by the competent authorities in accordance with the laws;

(3) to ensure that the register of shareholders of the Company is properly maintained and that persons entitled to the relevant records and documents of the Company are furnished with such records and documents without delay;

(4) to perform other functions and powers conferred by the Board and required by laws, regulations and the stock exchange where the Company's shares are listed.

Directors or other Senior Management personnel of the Company may concurrently serve as the secretary to the Board. The accountant of the accounting firm engaged by the Company and the management personnel of the controlling shareholder shall not act as the secretary to the Board.

When a Director serves concurrently as the secretary to the Board, such Director may not, in his/her or her dual capacity, take any action which is required to be taken separately by a Director and the secretary to the Board.

General Manager and Other Senior Management

The Company shall have one general manager, several deputy general managers and other Senior Management officers, one secretary to the Board, who shall be appointed or dismissed by the Board. The general manager, deputy general manager, chief financial officer, secretary to the Board and other personnel determined by the Board are the Senior Management of the Company.

The general manager shall be accountable to the Board and exercise the following functions and powers:

(1) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board and to report to the Board;

(2) to organize the implementation of the Company's annual business plans and investment plans;

(3) to formulate the Company's annual financial budget and final accounts, and make recommendations to the Board;

(4) to formulate plans for the establishment of the Company's internal management structure;

(5) to draft the Company's basic management system;

(6) to formulate the specific rules and regulations of the Company;

(7) to propose the appointment or dismissal of the deputy general manager, chief financial officer and other Senior Management of the Company;

(8) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;

(9) to propose to convene an extraordinary meeting of the Board;

(10) to decide on other matters of the Company within the scope of authorization of the Board;

(11) to decide on investment, acquisition or disposal, financing and other projects other than those that must be decided by the Board and the Shareholders' General Meeting;

(12) other powers conferred by the Articles of Association or the Board.

Supervisors and the Supervisory Committee

Supervisors

The Supervisory Committee consists of three Supervisors, one of whom shall be the chairman of the Supervisory Committee. The term of office of Supervisors shall be three years, renewable upon re-election.

The Supervisory Committee consists of shareholder representative Supervisors and employee representative Supervisors, and the number of employee representative Supervisors shall not be less than one-third of the members of the Supervisory Committee. Among them, shareholder representative Supervisors shall be elected and removed by the Shareholders' General Meeting, and employee representative Supervisors shall be elected democratically through the employee representatives' meeting, employee meeting or otherwise.

Directors and Senior Management shall not act concurrently as Supervisors.

The Supervisory Committee

The Supervisory Committee shall be accountable to the Shareholders' General Meeting and exercise the following powers:

(1) to examine the Company's financial affairs;

(2) to supervise the Directors and Senior Management in their performance of their duties and to propose the removal of Directors and Senior Management who have violated laws, administrative regulations, the Articles of Association or resolutions of Shareholders' General Meetings;

(3) to demand rectification by a Director or Senior Management when the acts of such persons are harmful to the Company's interest;

(4) to verify the financial information such as the financial reports, business reports and profit distribution plans to be submitted by the Board to the Shareholders' General Meetings and, should any queries arise, to authorize, in the name of the Company, a re-examination by the certified public accountants and practicing auditors;

(5) to propose the convening of extraordinary general meetings and to convene and preside over Shareholders' General Meetings when the Board fails to perform the duty of convening and presiding over Shareholders' General Meetings under the Company Law;

(6) to submit proposals to the Shareholders' General Meeting;

(7) to propose to convene an extraordinary meeting of the Board;

(8) to negotiate with Directors on behalf of the Company or initiate legal proceedings against Directors and Senior Management in accordance with the Company Law;

(9) other functions and powers stipulated by laws, administrative regulations and the Articles of Association.

Supervisors shall be present at meetings of the Board.

Meetings of the Supervisory Committee shall be held at least once every six months and convened by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, a Supervisor nominated by more than half of the Supervisors shall convene and preside over the meetings of the Supervisory Committee.

Notice of at least 14 days in advance shall be given for a regular meeting of the Supervisory Committee and at least 5 days in advance shall be given for an extraordinary meeting of the Supervisory Committee to all Supervisors. The staff of the Supervisory Committee shall deliver the written notice of the meeting to all Supervisors by direct delivery, fax, express mail or other electronic means. If service is made indirectly, confirmation shall additionally be made by telephone and the appropriate record thereof shall be made. Where an extraordinary meeting of the Supervisory Committee needs to be convened in emergency, the notice of meeting may be sent by telephone or other verbal means at any time, but the convener shall make explanations at the meeting.

Resolutions of the Supervisory Committee shall be passed by more than two-thirds of the members of the Supervisory Committee.

Qualifications and Obligations of Directors, Supervisors and Senior Management of the Company

A person may not serve as a Director, Supervisor, general manager or other Senior Management of the Company if any of the following circumstances apply:

(1) a person without capacity or with restricted capacity;

(2) a person who has been sentenced to criminal punishment due to corruption, bribery, infringement of property, misappropriation of property or destruction of the socialist market economic order, where less than five years have elapsed since the date of completion of the sentence; or a person who has been deprived of his/her political rights due to a crime, where less than five years have elapsed since the date of completion of the sentence;

(3) a person who was a Director, factory manager or manager of the Company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(4) persons who were legal representatives of the Company or enterprise which had its business license revoked and was ordered to close down due to violation of the law and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of such company or enterprise;

(5) persons who have a relatively large amount of debts due and outstanding;

(6) a person who is under investigation by judicial authorities for violation of the criminal law, which investigation is not yet concluded;

(7) a person who is not eligible for enterprise leadership according to laws and administrative regulations;

(8) a non-natural person;

(9) a person convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he acted fraudulently or dishonestly, where less than five years have elapsed since the date of the conviction;

(10) other circumstances as stipulated by the relevant laws and regulations of the place where the shares of the Company are listed.

Where a Director, Supervisor, general manager or other Senior Management is elected, appointed or engaged in violation of the above provisions, such election, appointment or engagement shall be invalid. If any of the above circumstances occurs on a Director, Supervisor, general manager or other Senior Management during his/her term of office, he/she shall be dismissed by the Company.

The validity of an act of a Director, general manager or other Senior Management on behalf of the Company towards a third party acting in good faith shall not be affected by any non-compliance in regulations of that person's position, election procedure or qualifications.

In addition to the obligations imposed by the PRC laws and regulations, the securities regulatory authorities of the place where the Company's shares are listed and the Listing Rules of the Hong Kong Stock Exchange, each of the Company's Directors, Supervisors, general manager and other Senior Management owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

(1) not to procure the Company to do anything ultra vires to the scope of business as stipulated in its business license;

(2) to act honestly in the best interests of the Company;

(3) not to expropriate the Company's property in any way, including (but not limited to) usurpation of opportunities advantageous to the Company;

(4) not to deprive shareholders of their personal rights and interests, including (but not limited to) rights to distributions and to vote, except in a restructuring of the Company submitted to and approved by the Shareholders' General Meeting in accordance with the Articles of Association.

Each of the Company's Directors, Supervisors, general manager and other Senior Management personnel shall exercise his/her powers or carry on his/her duties in accordance with the principle of fiduciary and shall not put himself in a position where his/her duty and his/her interest may conflict. This principle includes (but not limited to) discharging the following obligations:

(1) to act honestly in the best interests of the Company;

(2) to exercise powers within the scope of his/her powers and not to exceed those powers;

(3) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a Shareholders' General Meeting, not to delegate the exercise of his/her discretion;

(4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

(5) unless otherwise provided for in the Articles of Association or except with the informed consent of shareholders given in Shareholders' General Meetings, not to enter into any contract, transaction or arrangement with the Company;

(6) without the informed consent of shareholders given in Shareholders' General Meeting, not to use the Company's property for his/her own benefit;

(7) not to exploit his/her position to accept bribes or other illegal income or expropriate the Company's property by any means, including (but not limited to) opportunities advantageous to the Company;

(8) without the informed consent of shareholders given in Shareholders' General Meeting, not to accept commissions in connection with the Company's transactions;

(9) to abide by the Articles of Association, faithfully execute his/her official duties and protect the Company's interests, and not to exploit his/her position and power in the Company to advance his/her own private interests;

(10) not to compete with the Company in any form without the informed consent of shareholders given in Shareholders' General Meeting;

(11) not to misappropriate the Company's funds, not to open accounts in his/her own name or other names for the deposit of the Company's assets or funds, and not to lend the Company's funds to others or provide guarantees for the Company's shareholders or other individuals with the Company's assets in violation of the Articles of Association or without the consent of the Shareholders' General Meeting or the Board;

(12) unless otherwise permitted by informed shareholders in Shareholders' General Meeting, not to divulge any confidential information acquired by him/her in the course of and during his/her tenure and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:

1. disclosure is required by law;

2. public interests so require;

3. the interests of the relevant Director, Supervisor, general manager and other Senior Management personnel so require.

Any income obtained by the above personnel in violation of the above provisions shall belong to the Company, and he/she shall make compensation for any loss incurred to the Company.

A Director, Supervisor, general manager or other Senior Management of the Company shall not cause the following persons or institutions ("Associates") to do what he/she is not permitted to do:

(1) the spouse or minor children of that Director, Supervisor, general manager or other Senior Management of the Company;

(2) the trustee of that Director, Supervisor, general manager or other Senior Management or any person referred to in sub-paragraph (1) above;

(3) a partner of such a Director, Supervisor, general manager or other Senior Management of the Company or of any person referred to in sub-paragraphs (1) and (2) above;

(4) the Company in which that Director, Supervisor, general manager or other Senior Management, alone or jointly with one or more persons referred to in sub-paragraphs (1), (2) and (3) above or with other Directors, Supervisor, general manager and other Senior Management have a de facto controlling interest; and

(5) the Directors, Supervisor, general manager and other Senior Management of the controlled company referred to in sub-paragraph (4) above.

Disclosure of Interests

Where a Director, Supervisor, general manager and other Senior Management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his/her contract of service with the Company), he/she shall discloses the nature and extent of his/her interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefore is otherwise subject to the approval of the Board.

Subject to the exceptions permitted by the Listing Rules of the Hong Kong Stock Exchange, a Director shall not vote on any Board resolution approving any contract or arrangement or any other relevant proposal in which he/she or any of his/her close associates (as defined in the applicable Listing Rules of the Hong Kong Stock Exchange in effect from time to time) has a material interest nor shall he/she be counted in the quorum present at the meeting.

Unless the interested Director, Supervisor, general manager or other Senior Management of the Company has disclosed such interest to the Board as required above and the contract, transaction or arrangement has been approved by the Board at a meeting in which the interested Director, Supervisor, general manager or other Senior Management is not counted in the quorum and has refrained from voting, such contract, transaction or arrangement is voidable at the instance of the Company except in the case where the other party is a bona fide party who has no knowledge of the breach of their obligations by the interested Director, Supervisor, general manager or other Senior Management.

A Director, Supervisor, general manager and other Senior Management of the Company shall be deemed to be interested in a contract, transaction or arrangement in which an associate of him/her is interested.

If the quorum requirement cannot be met due to the aforesaid abstention, such matter shall be submitted to the Shareholders' General Meeting for consideration.

If, prior to the Company's initial consideration of relevant contract, transaction, or arrangement, a Director, Supervisor, general manager and any other Senior Management of the Company has delivered a written notice to the Board, which contains the statement that he/she has interests in the contract, transaction, or arrangement to be entered into by the Company in the future due to the contents specified in the notice, such Director, Supervisor, general manager and other Senior Management shall be deemed to have made the disclosure stipulated by the preceding provisions within the scope of the statement contained in the notice.

Borrowing Powers

The Articles of Association do not contain any special provision in respect of the manner in which borrowing powers may be exercised by the Directors, other than (a) provisions of right to formulate by the Board the proposals for the issuance of debentures by the Company; and (b) provisions of the approval of issuance of debentures must be approved by the Shareholders in a General Meeting by way of a special resolution.

Loans to Directors, Supervisors, General Manager and Other Senior Management

The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a Director, Supervisor, general manager and other Senior Management member of the Company or controlling shareholder or any of foregoing respective associates.

The above provisions shall not apply to the following:

(1) provision of a loan or guarantee for a loan by the Company to its subsidiary;

(2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its Directors, Supervisors, general manager and other Senior Management officers to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of an employment contract approved by the Shareholders in General Meeting; and

(3) if the ordinary course of business of the Company is expanded to include the provision of loans or loan guarantees, the Company may provide loans or loan guarantees to the relevant Directors, Supervisors, general manager and other Senior Management and their related persons, provided that the conditions for the provision of loans or loan guarantees shall be normal commercial conditions.

A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

A guarantee for a loan provided by the Company in breach of the above provisions shall be unenforceable against the Company, unless:

(1) the loan provider does not know that it has provided a loan to an associate of any of the Directors, Supervisors, general manager and other Senior Management members of the Company or its controlling shareholder;

(2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

For the purposes of the foregoing provisions, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Remuneration and Compensation

The Company shall, with the prior approval of Shareholders in General Meeting or the Board of Directors, enter into a contract in writing with Directors, Supervisors and Senior Management of the Company concerning their emoluments.

The aforesaid emoluments include:

(1) emoluments in respect of their services as Directors, Supervisors or Senior Management of the Company;

(2) emoluments in respect of their service as Directors, Supervisors or Senior Management of a subsidiary of the Company;

(3) remuneration for providing other services for the management of the Company and its subsidiaries; and

(4) payment by way of compensation for loss of office, or as consideration for or in connection with their retirement from office.

No proceedings may be brought by a Director or Supervisor against the Company for anything due to him except pursuant to the preceding contracts.

The contract concerning the emoluments between the Company and its Directors or Supervisors should provide that in the event of a acquisition of the Company, the Company's Directors and Supervisors shall, subject to the prior approval of Shareholders' General Meeting, have the right to receive compensation or other payment in respect of their loss of office or retirement. A acquisition of the Company includes any of the following:

(1) an acquisition offer made by any person to all shareholders;

(2) an acquisition offer made by any person with a view to the offeror becoming a controlling shareholder within the meaning of the Articles of Association.

If the relevant Director or Supervisor does not comply with the above, any sum so received by him shall belong to those persons who have sold their shares as a result of the said offer made. The expenses incurred in distributing such sum pro rata amongst those persons shall be borne by the relevant Director or Supervisor and shall not be deducted from such payment.

Financial and Accounting System

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations as well as the regulations formulated by the relevant departments of the State.

The Company shall prepare a financial report at the end of each fiscal year, which shall be reviewed and verified in accordance with the laws.

The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas place where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. When the Company is to distribute its after-tax profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

The Board of Directors of the Company shall place before the shareholders at every annual general meeting such financial reports as are required by any laws, administrative regulations or directives promulgated by competent regional and central governmental authorities to be prepared by the Company.

The Company shall not keep accounts other than those provided by law. The assets of the Company shall not be deposited in any account opened in the name of any individual.

The interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the overseas listing place.

The Company shall publish its financial reports twice every fiscal year in accordance with the international accounting standards or the accounting standards of the overseas listing place, that is, the interim financial report shall be published within 60 days after the end of the first six months of each fiscal year and the annual financial report shall be published within 120 days after the end of each fiscal year.

The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of every annual general meeting. Each shareholder of the Company shall be entitled to obtaining the financial reports mentioned above.

The Company shall deliver or send to each shareholder of overseas listed shares by prepaid mail at the address registered in the register of shareholders the aforesaid financial reports not less than 21 days before the date of every annual general meeting. Subject to the laws, administrative regulations, departmental rules and the relevant requirements of the securities regulatory authorities of the place where the Company's shares are listed, the Company may make announcements (including publication on the Company's website).

Profit Distribution

When distributing each year's after-tax profits, it shall set aside 10% of its profits into its statutory reserve fund. It may not be set aside where the fund has over 50% of its registered capital.

If its statutory reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory reserve fund pursuant to the above provisions.

After allocation of the statutory reserve fund from after-tax profits, it may, upon a resolution passed at the Shareholders' General Meeting, allocate discretionary reserve fund from after-tax profits.

After the Company has made good its losses and made allocations to its statutory reserve fund, the remaining profits are distributed in proportion to the number of shares held by the shareholders.

If the Shareholders' General Meeting distributes profits to shareholders before the Company has made up for losses and made allocations to the statutory statutory reserve fund in violation of the above provisions, the profits distributed in violation of the provisions must be returned to the Company.

Shares held by the Company shall not be entitled to any profit distribution.

The capital reserve fund comprises the following:

(1) any premium above the proceeds from share issuance at nominal value;

(2) other income required by the financial authority of the State Council to be included in the capital reserve fund.

The premium received through issuance of shares at prices above par value and other income required by the financial department of the State Council to be included as the capital reserve fund shall be accounted for as the capital reserve fund of the Company.

The Company's reserve fund shall be applied to make up losses of the Company, expand its business operations or be converted to increase the registered capital of the Company. However, the capital reserve fund may not be applied to make up the Company's losses. Upon the conversion of statutory reserve fund into capital, the balance of the statutory reserve fund shall not be less than 25% of the registered capital of the Company before such conversion.

The Company may distribute dividends in either or both of the following ways:

(1) cash;

(2) shares.

The Company shall appoint receiving agents for shareholders of overseas listed shares. The receiving agents shall receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of the overseas listed shares, and hold such monies on behalf of such shareholders pending payment to such shareholders.

The receiving agents appointed by the Company shall meet the requirements of the laws or relevant regulations of the security exchange in the place of listing.

The receiving agents appointed on behalf of shareholders of overseas listed shares listed on the Hong Kong Stock Exchange shall be the Company registered as a trust company under the Trustee Ordinance of Hong Kong.

Accounting Firm

The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial reports and review the Company's other financial reports.

The first accounting firm of the Company may be appointed by the inaugural meeting before the first Shareholders' General Meeting and the accounting firm so appointed shall hold office until the conclusion of the first Shareholders' General Meeting.

The accounting firm appointed by the Company shall have the following rights:

(1) to inspect the books, records and vouchers of the Company at any time, and to require the Directors, general manager or other Senior Management members of the Company to provide relevant information and explanations;

(2) to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the discharge of its duties;

(3) to attend Shareholders' General Meetings and to receive all notices of, or other communications relating to, any Shareholders' General Meeting which any shareholder is entitled to receive, and to speak at any Shareholders' General Meeting in relation to matters concerning its role as the accounting firm of the Company.

The Shareholders' General Meeting may by ordinary resolution remove an accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the accounting firm and the Company. If the accounting firm has the right to claim compensation from the Company due to its dismissal, such right shall not be affected.

The remuneration of an accounting firm or the manner in which such remuneration is determined shall be decided by the Shareholders' General Meeting. The remuneration of an accounting firm appointed by the Board shall be determined by the Board.

Prior notice shall be given to the accounting firm if the Company decides to remove or not to renew the appointment of such accounting firm, and such accounting firm shall be entitled to make representations at the Shareholders' General Meeting. Where the accounting firm resigns its post, it shall make clear to the Shareholders' General Meeting whether there has been any impropriety on the part of the Company.

An accounting firm may resign its office by depositing at the Company's legal address a resignation notice. Such notice shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following statements:

1. a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or

2. a statement of any such circumstances.

The Company shall send a copy of the notice to the relevant governing authority within 14 days after receipt of the said notice. If the notice contains a statement under the preceding item 2, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed shares (who is the shareholder entitled to receive the financial report of the Company) at the address registered in the register of shareholders.

Where the accounting firm's notice of resignation contains a statement referred to in the preceding item 2, it may require the Board to convene an extraordinary General Meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

Merger and Division of the Company

The merger or division of the Company shall be proposed by the Board of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association. Shareholders who object to the plan of merger or division of the Company shall have the right to request the Company or the shareholders who consent to the plan of merger or division to purchase their shares at a fair price. The contents of the resolution on merger or division of the Company shall be prepared as a special document for inspection by shareholders.

For shareholders of overseas listed shares, the aforesaid documents shall also be served by mail or other means as permitted by the securities regulatory authority of the place where the shares of the Company are listed.

Dissolution and Liquidation of the Company

The Company shall be dissolved and liquidated according to law in any of the following circumstances:

(1) the term of business stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(2) the Shareholders' General Meeting resolves to dissolve the Company;

(3) dissolution is necessary due to a merger or division of the Company;

(4) the Company is legally declared bankrupt due to its failure to repay debts due;

(5) the business license is revoked, or the business is ordered to close down or is revoked;

(6) the Company is ordered to close down because of its violation of laws and administrative regulations;

(7) where the Company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss to the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the Company may present a petition to the People's Court for the dissolution of the Company.

In the event of (1) above, the Company may carry on its existence by amending its Articles of Association.

Where the Company is dissolved under the provisions of (2), (5), (7) above, a liquidation committee shall be established and the liquidation shall commence within 15 days after the occurrence of an event of dissolution. The liquidation committee shall be composed of the persons determined by the Directors or the Shareholders' General Meeting. If a liquidation committee is not established within the stipulated period to conduct liquidation, the creditors may apply to the People's Court to

appoint relevant personnel to form a liquidation committee to conduct liquidation. Where the Company is dissolved pursuant to item (4) above, the People's Court shall, in accordance with relevant laws, organize the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out the liquidation. Where the Company is dissolved pursuant to item (6) above, the relevant competent authorities shall organize the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out the liquidation.

Where the Board decides to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board shall include a statement in its notice convening a Shareholders' General Meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, and the Board is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution by the Shareholders' General Meeting for liquidation, all functions and powers of the Board shall cease immediately.

The liquidation committee shall act in accordance with the instructions of the Shareholders' General Meeting to make a report at least once every year at the Shareholders' General Meeting on the committee's receipts and payments, the business of the Company and the progress of the liquidation and to present a final report at the Shareholders' General Meeting on completion of the liquidation.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

(1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;

(2) to notify the creditors and make announcements;

(3) to deal with and settle the outstanding business of the Company;

(4) to pay all outstanding taxes and taxes arising in the course of liquidation;

(5) to settle claims and debts;

(6) to deal with the surplus assets of the Company after its debts have been paid off;

(7) to participation in civil lawsuits on behalf of the Company.

The liquidation committee shall notify creditors within ten days after its establishment and shall make announcements in newspapers within 60 days. A creditor shall lodge his/her claim with the liquidation committee within 30 days after receiving the notice or within 45 days after the date of announcement if he/she did not receive the notice.

When declaring their claims, the creditors shall explain the matters related to their claims and provide supporting materials. The liquidation committee shall register the creditor's rights.

During the period of declaration of claims, the liquidation committee shall not settle any debts to creditors.

Upon liquidation of the Company's properties and the preparation of the balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit it to the Shareholders' General Meeting or the competent authority for confirmation.

The remaining assets of the Company after payment of liquidation expenses, wages, social insurance expenses and statutory compensation of employees, outstanding taxes and the Company's debts shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The assets of the Company shall not be distributed to the shareholders before the settlements are made in accordance with the above provisions.

In the event of liquidation due to dissolution of the Company, the liquidation committee, having thoroughly examined the Company's assets and having prepared a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of insolvency in accordance with law.

After the People's Court has declared the Company bankrupt, the liquidation committee shall hand over the affairs of the liquidation to the People's Court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report, a report, a statement of the receipts and payments and a financial account book during the liquidation period, which, after being verified by a PRC certified public accountant, shall be submitted to the Shareholders' General Meeting or the People's Court for confirmation. Within 30 days upon confirmation by the Shareholders' General Meeting or the People's Court, the liquidation committee shall submit the aforesaid documents to the Company registration authority, applying for cancellation of the Company's registration and announce the termination of the Company.

Amendments to the Articles of Association

The Company may amend the Articles of Association in accordance with the laws, administrative regulations and the Articles of Association.

The amendments to the Articles of Association involving the contents of the Mandatory Provisions shall become effective upon approvals by the companies approving department authorized by the State Council and the securities regulatory authority of the State Council (if necessary). If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with law.

Dispute Resolution

The Company shall comply with the following rules for dispute resolution:

(1) Whenever any disputes or claims arise between holders of the overseas listed shares and the Company, holders of the overseas listed shares and the Company's Directors, Supervisors, general manager or other Senior Management, or holders of the overseas listed shares and holders of domestic shares, based on the Articles of Association or any rights or obligations conferred or imposed by the Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration provided that such person is the Company or the Company's shareholder, Director, Supervisor, general manager or other Senior Management.

Disputes in relation to the definition of shareholders and disputes in relation to the register of shareholders need not be resolved by arbitration.

(2) A claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

(3) If any disputes or claims of rights are settled by way of arbitration in accordance with item (1), the laws of the People's Republic of China (excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan Region) shall apply, save as otherwise provided in laws and administrative regulations.

(4) The award of an arbitration body shall be final and conclusive and binding on all parties.

(5) In the process of arbitration, the Articles of Association shall continue to be performed except for the disputes between the parties that are under arbitration.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Establishment of our Company

Our Company was established in the PRC on May 11, 2015 and was converted to a joint stock company with limited liability under the Company Law with effect from December 31, 2020. Our Company has established a place of business in Hong Kong at 54th Floor, Hopewell Center, 183 Queen's Road East, Hong Kong, and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on June 25, 2021. Ms. Hui Yin Shan (許燕珊) and Ms. Yuen Wing Yan Winnie (袁穎欣) have been appointed as our agent for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix V to this prospectus. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix IV to this prospectus.

2. Changes in the share capital of our Company

As of the date of our establishment, our registered capital was RMB450,000 which was fully paid up on August 7, 2015.

The following sets out the changes in the share capital of our Company during the two years immediately preceding the date of this prospectus:

On April 16, 2020, our registered capital was further increased from RMB40,312,501 to RMB42,328,126.

On September 23, 2020, our registered capital was further increased from RMB42,328,126 to RMB45,351,564.

On October 26, 2020, our registered capital was further increased from RMB45,351,564 to RMB45,368,737.

On December 31, 2020, our Company was converted into a joint stock company with limited liability under the PRC Company Law. Upon completion of such conversation, the registered capital of our Company was RMB900,000,000 divided into 900,000,000 Shares with a nominal value of RMB1.00 each.

On March 24, 2021, our registered capital was further increased from RMB900,000,000 to RMB916,963,831.

Assuming the Over-allotment Option is not exercised, upon completion of the Global Offering, our share capital will be increased to RMB953,163,831, made up of 6,599,543 Domestic Shares and 946,564,288 H Shares fully paid up or credited as fully paid up, representing approximately 0.69% and 99.31% of our share capital, respectively. Save as aforesaid, there has been no alteration in our share capital since our establishment.

3. Restriction of share repurchase

For details of the restrictions on the share repurchase by our Company, please refer to "Summary of the Articles of Association" in Appendix V.

4. Resolutions of our Shareholders passed at our Company's extraordinary general meeting held on May 12, 2021

At the extraordinary general meeting of our Company held on May 12, 2021, among other things, the following resolutions were passed by the Shareholders:

(a) the issue by our H Shares with a nominal value of RMB1.00 each and such H Shares to be listed on the Stock Exchange;

(b) subject to the completion of the Global Offering, the Articles of Association has been approved and adopted, which shall only become effective on the Listing Date, and our Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and

(c) authorizing our Board to handle all relevant matters relating to, among other things, the implementation of issue of H Shares and the Listing.

5. Corporate Reorganization

We underwent the reorganization, for details, see "History, Reorganization and Corporate Structure". As confirmed by our PRC Legal Advisors, all the equity transfers and capital increases as described in the section headed "History, Reorganization and Corporate Structure" were properly and legally completed and all necessary approvals, filings and registrations from the relevant PRC authorities have been obtained and completed.

6. Particulars of our subsidiaries

Set out below is certain information of our subsidiaries as of the Latest Practicable Date:

No.	Name of subsidiary	Identity of shareholder(s)	Direct/indirect percentage of ownership of our Company
1.	OrthoBot Suzhou	Our Company	100%
2.	NaviBot HK	OrthoBot Suzhou	100%
3.	NaviBot US	NaviBot HK	100%
4.	1.1 Medical	Our Company Mr. Liu Yu (劉雨)(1) ("Mr. Liu")	60% 40%
5.	MicroPort Medical	Our Company	100%
6.	MicroPort InterBot	Our Company	100%
7.	Shanghai MicroPort Shuzhi Technology Co., Ltd. (上海微創樞知科技有限公司)	Our Company	100%
8.	MedBot SG	MicroPort InterBot	100%

Note:

(1) Mr. Liu is our chief commercial officer and senior vice president.

7. Change in the registered capital of subsidiaries

Our Company's subsidiaries are referred to in the Accountant's Report in Appendix I to this prospectus. Save for the subsidiaries mentioned above, in the Accountant's Report and the section headed "History, Reorganization and Corporate Structure", our Company has no other subsidiaries.

The following changes in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

MicroPort Medical

On May 6, 2020, the issued capital of MicroPort Medical was increased from HK$100 to HK$100 and 5,269,860 euros.

On January 21, 2021, the issued capital of MicroPort Medical was increased from HK$100 and 5,269,860 euros to HK$100 and 13,569,732.60 euros.

On March 22, 2021, the issued capital of MicroPort Medical was decreased from HK$100 and 13,569,732.60 euros to 13,569,732.60 euros.

Save as disclosed above, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus that are or may be material:

(a) a capital increase and share transfer agreement dated August 31, 2020 and a supplemental agreement dated September 7, 2020 entered into among (i) our Company; (ii) Shanghai Latent Artificial Intelligence Co., Ltd. (上海默化人工智能科技有限公司) and Shanghai Changlong Lifescience Technology Co., Ltd. (上海常隆生命醫學科技有限公司); and (iii) Zhuhai Gao Ling Chongheng Equity Investment LLP (珠海高瓴崇恒股權投資合夥企業(有限合夥)), Tianjin Ronghao Enterprise Management LLP (天津鎔浩企業管理合夥企業(有限合夥)), Jiaxing Biolink Hongrun VC Investment LLP (嘉興貝霖泓潤創業投資合夥企業(有限合夥)), Tianjin Yuanyi Yuanfu Enterprise Management Center (LLP) (天津遠翼元福企業管理中心(有限合夥)), Yifang Huida VC (Guangdong) LLP (易方慧達創業投資(廣東)合夥企業(有限合夥)) and Yifang Yida (Guangdong) Investment LLP (易方易達(廣東)投資合夥企業(有限合夥)) (together the "August 2020 Investors"), pursuant to which, among others, (1) Shanghai Latent Artificial Intelligence Co., Ltd. (上海默化人工智能科技有限公司) and Shanghai Changlong Lifescience Technology Co., Ltd. (上海常隆生命醫學科技有限公司) agreed to transfer an aggregate of approximately 9.5238% of the then equity interest in our Company (representing the registered capital of RMB4,031,251) at a total consideration of RMB2 billion to the August 2020 Investors; and (2) the August 2020 Investors agreed to make capital contributions in the aggregate amount of RMB1.5 billion in our Company, RMB3,023,438 of which would be contributed to our registered capital and the remaining would be accounted as capital reserve;

(b) a capital increase agreement dated October 20, 2020 entered into among our Company, Shanghai Latent Artificial Intelligence Co., Ltd. (上海默化人工智能科技有限公司) and Shanghai Science Technology Venture Capital (Group) Co., Ltd. (上海科技創業投資（集團）有限公司), pursuant to which Shanghai Science Technology Venture Capital (Group) Co., Ltd. (上海科技創業投資(集團)有限公司) agreed to make a capital contribution of RMB8.52 million in our Company, RMB17,173 of which would be contributed to our registered capital and the remaining would be accounted as capital reserve;

(c) a capital increase agreement dated March 22, 2021 entered into among our Company and Shanghai Qingzhen Enterprise Management Consultation Center (LLP) (上海擎禎企業管理諮詢中心(有限合夥)), pursuant to which Shanghai Qingzhen Enterprise Management Consultation Center LLP (上海擎禎企業管理諮詢中心(有限合夥)) agreed to make a capital contribution of RMB28,650,025 in our Company, RMB16,963,831 of which would be contributed to our registered capital and the remaining would be accounted as capital reserve;

(d) a cornerstone investment agreement dated October 19, 2021 entered into among our Company, Aspex Master Fund, China International Capital Corporation Hong Kong Securities Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc pursuant to which Aspex Master Fund agreed to subscribe for such number of H Shares (rounded down to the nearest whole

board lot of 500 H Shares) at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 20,000,000;

(e) a cornerstone investment agreement dated October 19, 2021 entered into among our Company, HHLR Fund, L.P., YHG Investment, L.P., J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc and China International Capital Corporation Hong Kong Securities Limited, pursuant to which HHLR Fund, L.P. and YHG Investment, L.P. agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 500 H Shares) at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 15,000,000;

(f) a cornerstone investment agreement dated October 19, 2021 entered into among our Company, LAV Star Limited, LAV Star Opportunities Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc and China International Capital Corporation Hong Kong Securities Limited, pursuant to which LAV Star Limited and LAV Star Opportunities Limited agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 500 H Shares) at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 7,500,000 and US dollar 7,500,000, respectively;

(g) a cornerstone investment agreement dated October 19, 2021 entered into among our Company, Snow Lake China Master Fund, Ltd., Snow Lake China Master Long Fund Ltd., Snow Lake Asia Master Fund Limited, Compass Offshore Sav II PCC Limited, Compass Sav II L.L.C., J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc and China International Capital Corporation Hong Kong Securities Limited, pursuant to which Snow Lake China Master Fund, Ltd., Snow Lake China Master Long Fund Ltd., Snow Lake Asia Master Fund Limited, Compass Offshore Sav II PCC Limited, Compass Sav II L.L.C. agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 500 H Shares) at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 6,441,000, US dollar 1,933,500, US dollar 4,765,500, US dollar 729,000 and US dollar 1,131,000;

(h) a cornerstone investment agreement dated October 19, 2021 entered into among our Company, Yorkool International Limited, China International Capital Corporation Hong Kong Securities Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, pursuant to which Yorkool International Limited agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 500 H Shares) at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 15,000,000;

(i) a cornerstone investment agreement dated October 19, 2021 entered into among our Company, CloudAlpha Master Fund, China International Capital Corporation Hong Kong Securities Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, pursuant to which CloudAlpha Master Fund agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 500 H Shares) at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 10,000,000;

(j) a cornerstone investment agreement dated October 19, 2021 entered into among our Company, Artisan China Post-Venture Master Fund LP, China International Capital Corporation Hong Kong Securities Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, pursuant to which Artisan China Post-Venture Master Fund LP agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 500 H Shares) at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 5,000,000; and

(k) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Group was the registered proprietor of the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Registration number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
1		52964898	10	Our Company	PRC	August 21, 2021	August 20, 2031
2		53072996	07	Our Company	PRC	September 28, 2021	September 27, 2031
3		53058982	09	Our Company	PRC	September 28, 2021	September 27, 2031
4		53083181	44	Our Company	PRC	September 28, 2021	September 27, 2031
5	MEDBOT	53083175	44	Our Company	PRC	September 21, 2021	September 20, 2031
6	Orthobot	42458763	35	Our Company	PRC	September 7, 2020	September 6, 2030
7	畅行	41941374	35	Our Company	PRC	September 7, 2020	September 6, 2030
8	畅行机器人	42486776	35	Our Company	PRC	November 28, 2020	November 27, 2030
9	MedBot	50432736A	10	Our Company	PRC	August 7, 2021	August 6, 2031
10	蜻蜓眼	37992623	10	Our Company	PRC	January 7, 2020	January 6, 2030
11	DragonflyEye	38000137	10	Our Company	PRC	January 28, 2020	January 27, 2030
12	鸿鹄	37390698	10	Our Company	PRC	August 28, 2020	August 27, 2030
13	Toumai	40493731	10	Our Company	PRC	May 7, 2020	May 6, 2030
14	图迈	40518082	10	Our Company	PRC	August 7, 2020	August 6, 2030
15	Toumaï	40602370	10	Our Company	PRC	June 28, 2020	June 27, 2030
16	Toumai	42070465	10	Our Company	PRC	August 14, 2020	August 13, 2030
17		42085367	10	Our Company	PRC	March 21, 2021	March 20, 2031
18	DFVision	40518047	10	Our Company	PRC	February 21, 2021	February 20, 2031
19	易达医	49030894	10	1.1 Medical	PRC	April 7, 2021	April 6, 2031
20	易达医	49021936	35	1.1 Medical	PRC	April 7, 2021	April 6, 2031
21	DFVision	018125346	10	Our Company	Europe	February 19, 2020	September 18, 2029

No.	Trademark	Registration number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
22	Toumai	018125347	10	Our Company	Europe	February 19, 2020	September 18, 2029
23	SkyWalker	018125349	10	Our Company	Europe	February 19, 2020	September 18, 2029
24	DFVision	UK00918125346	10	Our Company	United Kingdom	February 19, 2020	September 18, 2029
25	Toumai	UK00918125347	10	Our Company	United Kingdom	February 19, 2020	September 18, 2029
26	SkyWalker	UK00918125349	10	Our Company	United Kingdom	February 19, 2020	September 18, 2029
27		305603986	9	Our Company	Hong Kong	April 23, 2021	April 22, 2031
28		305603986	10	Our Company	Hong Kong	April 23, 2021	April 22, 2031
29		305603986	35	Our Company	Hong Kong	April 23, 2021	April 22, 2031
30	MEDBOT MEDBOT	305603977	9	Our Company	Hong Kong	April 23, 2021	April 22, 2031
31	MEDBOT MEDBOT	305603977	10	Our Company	Hong Kong	April 23, 2021	April 22, 2031
32	MEDBOT MEDBOT	305603977	35	Our Company	Hong Kong	April 23, 2021	April 22, 2031

As of the Latest Practicable Date, our Group was granted a license to the use of the following trademark which, in the opinion of our Directors, is material to our business:

No.	Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of registration	Expiry Date
1	畅行机器人	42474115	09	Shanghai MicroPort	PRC	November 28, 2020	November 27, 2030

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which, in the opinion of our Directors, material to our business:

No.	Trademark	Application Number	Class	Applicant	Place of Application	Application Date
1	MEDBOT 医疗机器人	58395542	35	Our Company	PRC	August 11, 2021
2	MEDBOT 医疗机器人	58388646	10	Our Company	PRC	August 11, 2021
3		58459824	10	Our Company	PRC	August 13, 2021
4		58454737	35	Our Company	PRC	August 13, 2021
5	TOUMAI	88618078	10	Our Company	United States	September 16, 2019

No.	Trademark	Application Number	Class	Applicant	Place of Application	Application Date
6		305693590	9	Our Company	Hong Kong	July 21, 2021
7		305693590	10	Our Company	Hong Kong	July 21, 2021
8		305693590	35	Our Company	Hong Kong	July 21, 2021
9	MEDBOT	305693581	9	Our Company	Hong Kong	July 21, 2021
10	MEDBOT	305693581	10	Our Company	Hong Kong	July 21, 2021
11	MEDBOT	305693581	35	Our Company	Hong Kong	July 21, 2021
12	Mark A Mark B	305758237	10	Our Company	Hong Kong	September 28, 2021
13	Mark A Mark B	305758237	35	Our Company	Hong Kong	September 28, 2021
14		52954325	35	Our Company	PRC	January 13, 2021
15	MEDBOT	53060765	09	Our Company	PRC	January 18, 2021
16	Tsumai Hope of Life	54622234	10	Our Company	PRC	March 24, 2021
17	Tsumai Hope of Life	54597531	44	Our Company	PRC	March 24, 2021
18	微创机器人	59539498	10	Our Company	PRC	September 28, 2021

(b) Patent

As of the Latest Practicable Date, our Group had registered the following patents which, in the opinion of our Directors, are material to our business:

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
1	Mirror-holding robot (持鏡機器人)	Appearance design (外觀設計)	ZL202030145447.4	Our Company	PRC	April 13, 2020	Valid
2	Mirror holding mechanism (持鏡機構)	Appearance design (外觀設計)	ZL202030145448.9	Our Company	PRC	April 13, 2020	Valid
3	Mirror holding arm (持鏡臂)	Appearance design (外觀設計)	ZL202030145449.3	Our Company	PRC	April 13, 2020	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
4	Display screen panel with display image text and robot interactive control graphical user interface (顯示屏幕面板的帶有顯示圖像文字及機器人交互控制圖形用戶界面)	Appearance design (外觀設計)	ZL202030145450.6	Our Company	PRC	April 13, 2020	Valid
5	Surgical robot (手術機器人)	Appearance design (外觀設計)	ZL201930724143.0	Our Company	PRC	December 24, 2019	Valid
6	Supporting device (支撐裝置)	Appearance design (外觀設計)	ZL201930724896.1	Our Company	PRC	December 24, 2019	Valid
7	Trolley base (台車底座)	Appearance design (外觀設計)	ZL201930657920.4	Our Company	PRC	November 27, 2019	Valid
8	Console (控制台)	Appearance design (外觀設計)	ZL201930658718.3	Our Company	PRC	November 27, 2019	Valid
9	Instrument box (器械盒)	Appearance design (外觀設計)	ZL201930644109.2	Our Company	PRC	November 21, 2019	Valid
10	Instrument box (器械盒)	Appearance design (外觀設計)	ZL201930644117.7	Our Company	PRC	November 21, 2019	Valid
11	Transmission joint (傳動接口)	Appearance design (外觀設計)	ZL201930477621.2	Our Company	PRC	August 30, 2019	Valid
12	Mechanical arm (機械臂)	Appearance design (外觀設計)	ZL201930478207.3	Our Company	PRC	August 30, 2019	Valid
13	Surgical robot (手術機器人)	Appearance design (外觀設計)	ZL201930478208.8	Our Company	PRC	August 30, 2019	Valid
14	Doctor's console (醫生控制台)	Appearance design (外觀設計)	ZL201930478209.2	Our Company	PRC	August 30, 2019	Valid
15	Supporting device (支撐裝置)	Appearance design (外觀設計)	ZL201930478213.9	Our Company	PRC	August 30, 2019	Valid
16	Transmission interface (傳動接口)	Appearance design (外觀設計)	ZL201930478281.5	Our Company	PRC	August 30, 2019	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
17	Transmission interface of surgical instruments (手術器械的傳動接口)	Appearance design (外觀設計)	ZL201930478283.4	Our Company	PRC	August 30, 2019	Valid
18	Transmission interface of surgical instruments (手術器械的傳動接口)	Appearance design (外觀設計)	ZL202030038918.1	Our Company	PRC	August 30, 2019	Valid
19	Surgical robots and surgical instruments (手術機器人及手術器械)	Utility model (實用新型)	ZL201921324932.6	Our Company	PRC	August 15, 2019	Valid
20	Laparoscopic arm (腹腔鏡持鏡臂)	Appearance design (外觀設計)	ZL201930429253.4	Our Company	PRC	August 8, 2019	Valid
21	Endoscope tracking system (內窺鏡追蹤系統)	Appearance design (外觀設計)	ZL201930429258.7	Our Company	PRC	August 8, 2019	Valid
22	Ring switch (指環切換開關)	Appearance design (外觀設計)	ZL201930429442.1	Our Company	PRC	August 8, 2019	Valid
23	Optical fiber docking mechanism and core insertion (光纖對接機構及插芯)	Utility model (實用新型)	ZL201920814018.3	Our Company	PRC	May 31, 2019	Valid
24	Transmission interface (傳輸接口)	Appearance design (外觀設計)	ZL201930280016.6	Our Company	PRC	May 31, 2019	Valid
25	Snake-shaped surgical instruments (蛇形手術器械)	Invention patent (發明專利)	ZL201811441620.3	Our Company	PRC	November 29, 2018	Valid
26	Endoscope mainframe (內窺鏡主機)	Appearance design (外觀設計)	ZL201830652024.4	Our Company	PRC	November 16, 2018	Valid
27	Laparoscopic handle (腹腔鏡手柄)	Appearance design (外觀設計)	ZL201830649221.0	Our Company	PRC	November 15, 2018	Valid
28	Cold light source mainframe (冷光源主機)	Appearance design (外觀設計)	ZL201830631018.0	Our Company	PRC	November 8, 2018	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
29	Mechanical arm (機械臂)	Appearance design (外觀設計)	ZL201830531251.1	Our Company	PRC	September 20, 2018	Valid
30	Mechanical arm (機械臂)	Appearance design (外觀設計)	ZL201830531252.6	Our Company	PRC	September 20, 2018	Valid
31	Mechanical arm (機械臂)	Appearance design (外觀設計)	ZL201830531675.8	Our Company	PRC	September 20, 2018	Valid
32	Telescopic devices and surgical robots (伸縮裝置和手術機器人)	Invention patent (發明專利)	ZL201810845763.4	Our Company	PRC	July 27, 2018	Valid
33	Surgical robot system (手術機器人系統)	Invention patent (發明專利)	ZL201810719340.8	Our Company	PRC	June 29, 2018	Valid
34	Medical robot and its control method (醫療機器人及其控制方法)	Invention patent (發明專利)	ZL201810587897.0	Our Company	PRC	June 8, 2018	Valid
35	Central control brake system (中央控制剎車系統)	Invention patent (發明專利)	ZL201810551301.1	Our Company	PRC	May 31, 2018	Valid
36	Surgical robot system (手術機器人系統)	Invention patent (發明專利)	ZL201810395743.1	Our Company	PRC	April 27, 2018	Valid
37	Video tool trolley (視頻工具台車)	Appearance design (外觀設計)	ZL201830157641.7	Our Company	PRC	April 17, 2018	Valid
38	Surgical Robot system and Surgical Instruments (手術機器人系統及其手術器械)	Invention patent (發明專利)	ZL201810218810.2	Our Company	PRC	March 16, 2018	Valid
39	Manipulator and its working method and surgical robot (機械臂及其工作方法與手術機器人)	Invention patent (發明專利)	ZL201711484007.5	Our Company	PRC	December 29, 2017	Valid
40	Manipulator and its working method and surgical robot (機械臂、其控制方法及手術機器人)	Invention patent (發明專利)	ZL201711487873.X	Our Company	PRC	December 29, 2017	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
41	Surgical robot terminal (手術機器人終端)	Invention patent (發明專利)	ZL201711445629.7	Our Company	PRC	December 27, 2017	Valid
42	Surgical robot terminal (手術機器人終端)	Invention patent (發明專利)	ZL201711449375.6	Our Company	PRC	December 27, 2017	Valid
43	Endoscope interface, endoscope assembly and endoscope holding system (內窺鏡接口、內窺鏡組件及內窺鏡持鏡系統)	Utility model (實用新型)	ZL201721872920.8	Our Company	PRC	December 27, 2017	Valid
44	Surgical Robot system and Surgical Instruments (手術機器人系統及其手術器械)	Invention patent (發明專利)	ZL201711394632.0	Our Company	PRC	December 21, 2017	Valid
45	Surgical Robot system and Surgical Instruments (手術機器人系統及其手術器械)	Invention patent (發明專利)	ZL201711367886.3	Our Company	PRC	December 18, 2017	Valid
46	Snake-shaped surgical instruments (蛇形手術器械)	Invention patent (發明專利)	ZL201711252548.5	Our Company	PRC	December 1, 2017	Valid
47	Angular velocity sensor and measuring method of angular velocity (角速度傳感器以及角速度的測量方法)	Invention patent (發明專利)	ZL201711183724.4	Our Company	PRC	November 23, 2017	Valid
48	Operating trolley (手術臺車)	Appearance design (外觀設計)	ZL201730557089.6	Our Company	PRC	November 13, 2017	Valid
49	Navigation trolley (導航台車)	Appearance design (外觀設計)	ZL201730557091.3	Our Company	PRC	November 13, 2017	Valid
50	Mechanical arm (機械臂)	Appearance design (外觀設計)	ZL201730557092.8	Our Company	PRC	November 13, 2017	Valid
51	Mechanical arm (機械臂)	Appearance design (外觀設計)	ZL201730557451.X	Our Company	PRC	November 13, 2017	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
52	Surgical robot system (手術機器人系統)	Invention patent (發明專利)	ZL201710865638.5	Our Company	PRC	September 22, 2017	Valid
53	Surgical robot system and display method of surgical instrument position (手術機器人系統及手術器械位置的顯示方法)	Invention patent (發明專利)	ZL201710385151.7	Our Company	PRC	May 26, 2017	Valid
54	Snake joints, surgical instruments and endoscopes for surgical robots (手術機器人用柔性器械、手術器械及內窺鏡)	Invention patent (發明專利)	ZL201710202661.6	Our Company	PRC	March 30, 2017	Valid
55	Snake joints, surgical instruments and endoscopes for surgical robots (手術機器人用蛇形關節、手術器械及內窺鏡)	Invention patent (發明專利)	ZL201710203335.7	Our Company	PRC	March 30, 2017	Valid
56	Snake joints, surgical instruments and endoscopes for surgical robots (手術機器人用蛇形關節、手術器械及內窺鏡)	Invention patent (發明專利)	ZL201710203999.3	Our Company	PRC	March 30, 2017	Valid
57	Laparoscopic host (腹腔鏡主機)	Appearance design (外觀設計)	ZL201630629739.9	Our Company	PRC	December 19, 2016	Valid
58	Laparoscopic operating handle (腹腔鏡操作手柄)	Appearance design (外觀設計)	ZL201630629740.1	Our Company	PRC	December 19, 2016	Valid
59	Robotic arm and Surgical Robot with two degrees of Freedom (具有雙自由度的機械臂和手術機器人)	Invention patent (發明專利)	ZL201611169108.9	Our Company	PRC	December 16, 2016	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
60	Fixed point mechanism (不動點機構)	Invention patent (發明專利)	ZL201611169116.3	Our Company	PRC	December 16, 2016	Valid
61	3D electronic endoscope (3D電子內窺鏡)	Invention patent (發明專利)	ZL201610989971.2	Our Company	PRC	November 10, 2016	Valid
62	Surgical robot system (手術機器人系統)	Invention patent (發明專利)	ZL201610860701.1	Our Company	PRC	September 28, 2016	Valid
63	Transmission mechanism and surgical instruments (傳動機構以及手術器械)	Invention patent (發明專利)	ZL201610791555.1	Our Company	PRC	August 31, 2016	Valid
64	Instrument boxes and surgical instruments (器械盒及手術器械)	Invention patent (發明專利)	ZL201610795377.X	Our Company	PRC	August 31, 2016	Valid
65	Surgical robot and its robotic arm (手術機器人及其機械臂)	Invention patent (發明專利)	ZL201610496647.7	Our Company	PRC	June 29, 2016	Valid
66	Robotic arm and its Surgical Robot (機械臂及其手術機器人)	Invention patent (發明專利)	ZL201610498105.3	Our Company	PRC	June 29, 2016	Valid
67	Surgical robot and its robotic arm (手術機器人及其機械臂)	Invention patent (發明專利)	ZL201610498120.8	Our Company	PRC	June 29, 2016	Valid
68	Surgical robot and its robotic arm (手術機器人及其機械臂)	Invention patent (發明專利)	ZL201810349779.6	Our Company	PRC	June 29, 2016	Valid
69	Surgical robot and its robotic arm (手術器械及其手術機器人)	Invention patent (發明專利)	ZL201610445532.5	Our Company	PRC	June 20, 2016	Valid
70	Electronic endoscope (電子內窺鏡)	Invention patent (發明專利)	ZL201510996753.7	Our Company	PRC	December 25, 2015	Valid
71	Manipulator and its working method (機械臂及其工作方法)	Invention patent (發明專利)	ZL201510900125.4	Our Company	PRC	December 8, 2015	Valid
72	Robot wrist and surgical robot (機器人手腕和手術機器人)	Invention patent (發明專利)	ZL201510819765.2	Our Company	PRC	November 23, 2015	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
73	Manipulator and robot (機械臂及機器人)	Invention patent (發明專利)	ZL201510567542.1	Our Company	PRC	September 8, 2015	Valid
74	Surgical robot adjustment system (手術機器人調整系統)	Invention patent (發明專利)	ZL201510567702.2	Our Company	PRC	September 8, 2015	Valid
75	Gravity balance mechanism of main operator (主操作手的重力平衡機構)	Invention patent (發明專利)	ZL201510567713.0	Our Company	PRC	September 8, 2015	Valid
76	Mechanical arm (機械臂)	Invention patent (發明專利)	ZL201510567721.5	Our Company	PRC	September 8, 2015	Valid
77	Control system for manipulator, control method and surgical robot (用於機械臂的控制系統、控制方法及一種手術機器人)	Invention patent (發明專利)	ZL201610375739.X	Our Company	PRC	May 31, 2016	Valid
78	Tactile feedback device and its variable damping control method and application (觸覺反饋裝置及其變阻尼控制方法和應用)	Invention patent (發明專利)	ZL201511030390.8	Our Company	PRC	December 31, 2015	Valid
79	Laparoscopic surgery system (腹腔鏡手術系統)	Invention patent (發明專利)	ZL201610854114.1	Our Company	PRC	September 27, 2016	Valid
80	Surgery-assisted positioning system (手術輔助定位系統)	Invention patent (發明專利)	ZL201711045318.1	Our Company	PRC	October 31, 2017	Valid
81	Surgical instruments (手術器械)	Invention patent (發明專利)	ZL201711252660.9	Our Company	PRC	December 1, 2017	Valid
82	Snake-shaped surgical instruments (蛇形手術器械)	Invention patent (發明專利)	ZL201810532267.3	Our Company	PRC	May 29, 2018	Valid
83	Snake-shaped surgical instruments (蛇形手術器械)	Invention patent (發明專利)	ZL201810916762.4	Our Company	PRC	August 13, 2018	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
84	Quick switching device for surgical instruments (用於手術器械的快換裝置)	Invention patent (發明專利)	ZL201811149801.9	Our Company	PRC	September 29, 2018	Valid
85	A surgical robot (一種手術機器人)	Invention patent (發明專利)	ZL201910032829.2	Our Company	PRC	January 14, 2019	Valid
86	Transmission, drive, asepsis, instrument box components and surgical instrument systems, robots (傳動、驅動、無菌、器械盒組件與手術器械系統、機器人)	Invention patent (發明專利)	ZL201910816696.8	Our Company	PRC	August 30, 2019	Valid
87	Position correction method of osteotomy guide tool and orthopedic surgery system (截骨導向工具的位置校正方法及骨科手術系統)	Invention patent (發明專利)	ZL201910940234.7	Our Company	PRC	September 30, 2019	Valid
88	Console, doctor's console and surgical robot (控制台、醫生控制台及手術機器人)	Utility model (實用新型)	ZL202021866486.4	Our Company	PRC	August 31, 2020	Valid
89	Suspension tray positioning mechanism and surgical robot (懸吊盤擺位機構及手術機器人)	Utility model (實用新型)	ZL202022223612.0	Our Company	PRC	September 30, 2020	Valid
90	Suspension tray positioning mechanism and surgical robot (懸吊盤擺位機構及手術機器人)	Utility model (實用新型)	ZL202022069505.7	Our Company	PRC	September 18, 2020	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
91	Suspension tray positioning mechanism and surgical robot (懸吊盤擺位機構及手術機器人)	Utility model (實用新型)	ZL202022069162.4	Our Company	PRC	September 18, 2020	Valid
92	Mechanical arm anti-collision method and system, and medical robot (機械臂防碰撞的方法及系統、醫療機器人)	Invention patent (發明專利)	ZL201811472969.3	Our Company	PRC	December 4, 2018	Valid
93	Snake-shaped surgical instruments (蛇形手術器械)	Invention patent (發明專利)	ZL201810593786.0	Our Company	PRC	June 11, 2018	Valid
94	Snake-shaped surgical instruments (蛇形手術器械)	Invention patent (發明專利)	ZL201810529794.9	Our Company	PRC	May 29, 2018	Valid
95	Interactive control graphical user interface of medical robot displaying screen panel (顯示屏幕面板的醫療機器人交互控制圖形用戶界面)	Appearance design (外觀設計)	ZL202030307930.8	Our Company	PRC	June 16, 2020	Valid
96	Suspension tray positioning mechanism and surgical robot (懸吊盤擺位機構及手術機器人)	Utility model (實用新型)	ZL202022223871.3	Our Company	PRC	September 30, 2020	Valid
97	Display device and surgical robot (顯示裝置及手術機器人)	Invention patent (發明專利)	ZL201910371727.3	Our Company	PRC	May 6, 2019	Valid
98	Control system and control method of manipulator joint (機械臂關節的控制系統以及控制方法)	Invention patent (發明專利)	ZL201610615676.0	OrthoBot Suzhou	PRC	July 29, 2016	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
99	Robotic arm and Orthopedic Robot (機械臂及骨科機器人)	Invention patent (發明專利)	ZL201610496649.6	OrthoBot Suzhou	PRC	June 29, 2016	Valid
100	Osteotomy calibration method, calibration equipment, readable storage medium and orthopedic surgery system (截骨校驗方法、校驗設備、可讀存儲介質及骨科手術系統)	Invention patent (發明專利)	ZL201911151227.5	OrthoBot Suzhou	PRC	November 21, 2019	Valid
101	Graphical user interface for display (顯示屏幕面板的醫生控制台交互圖形用户界面)	Appearance design (外觀設計)	ZL202030118511.X	Our Company	PRC	March 31, 2020	Valid
102	Graphical user interface for display (用於顯示屏幕面板的手術台車工作圖形用戶界面)	Appearance design (外觀設計)	ZL202030118169.3	Our Company	PRC	March 31, 2020	Valid
103	Instrument set and operation instrument (儀器組和手術器械)	Invention patent (發明專利)	JP2019531507	Our Company	Japan	June 29, 2017	Valid
104	Transmission mechanism and surgical instrument (傳動機構以及手術器械)	Invention patent (發明專利)	RU2019109153	Our Company	Russia	June 29, 2017	Valid
105	Robotic manipulator having two degrees of freedom and surgical robot (具有雙自由度的機械臂和手術機器人)	Invention patent (發明專利)	17880696.4	Our Company	France	December 15, 2017	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
106	Robotic manipulator having two degrees of freedom and surgical robot (具有雙自由度的機械臂和手術機器人)	Invention patent (發明專利)	602017032436.1	Our Company	Germany	December 15, 2017	Valid
107	Robotic manipulator having two degrees of freedom and surgical robot (具有雙自由度的機械臂和手術機器人)	Invention patent (發明專利)	17880696.4	Our Company	Netherlands	December 15, 2017	Valid
108	Robotic manipulator having two degrees of freedom and surgical robot (具有雙自由度的機械臂和手術機器人)	Invention patent (發明專利)	17880696.4	Our Company	United Kingdom	December 15, 2017	Valid
109	Robotic manipulator having two degrees of freedom and surgical robot (具有雙自由度的機械臂和手術機器人)	Invention patent (發明專利)	17880696.4	Our Company	Switzerland	December 15, 2017	Valid
110	Robotic manipulator having two degrees of freedom and surgical robot (具有雙自由度的機械臂和手術機器人)	Invention patent (發明專利)	502021000031070	Our Company	Italy	December 15, 2017	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
111	Robotic manipulator having two degrees of freedom and surgical robot (具有雙自由度的機械臂和手術機器人)	Invention patent (發明專利)	US16470150	Our Company	United States	December 15, 2017	Valid
112	Surgical robotic system (手術機器人系統)	Invention patent (發明專利)	RU2020113016	Our Company	Russia	August 3, 2018	Valid
113	Medical instruments (醫療器械)	Industrial design (工業設計)	EU00795518200001S	Our Company	Europe	May 18, 2020	Valid
114	Medical instruments (醫療器械)	Industrial design (工業設計)	EU00795675000001S	Our Company	Europe	May 18, 2020	Valid
115	Medical instruments (醫療器械)	Industrial design (工業設計)	EU00795527300001S	Our Company	Europe	May 18, 2020	Valid
116	Surgical robot system and surgical instrument thereof (手術機器人系統及其手術器械)	Invention patent (發明專利)	RU2020123951	Our Company	Russia	July 20, 2020	Valid
117	Endoscope dynamic locking and adjusting mechanism and endoscope holding system (內窺鏡動力鎖緊與調節機構及內窺鏡持鏡系統)	Invention patent (發明專利)	ZL201711451091.0	Our Company	PRC	December 27, 2017	Valid
118	A surgical auxiliary fixing device for serpentine surgical instruments and a serpentine surgical instrument (用於蛇形手術器械的手術輔助固定裝置及蛇形手術器械)	Invention patent (發明專利)	ZL201810939941.X	Our Company	PRC	August 17, 2018	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
119	Surgical instruments and their end-effectors (手術器械及其末端執行器)	Invention patent (發明專利)	ZL201810968230.5	Our Company	PRC	August 23, 2018	Valid
120	Osteotomy calibration method Calibration tool readable storage medium and orthopedic surgery system (截骨校驗方法、校驗工具、可讀存儲介質及骨科手術系統)	Invention patent (發明專利)	ZL201911151229.4	Our Company	PRC	November 21, 2019	Valid
121	Calibration system and testing targets for osteotomy guide tools (截骨導向工具的校驗方法、校驗系統及檢測靶標)	Invention patent (發明專利)	ZL201911157719.5	Our Company	PRC	November 22, 2019	Valid
122	Navigation surgical system and its registration method and electronic equipment (導航手術系統及其註冊方法與電子設備)	Invention patent (發明專利)	ZL201911252494.1	Our Company	PRC	December 9, 2019	Valid
123	Registration target Registration method device electronic devices and storage media (註冊靶標、註冊方法、裝置、電子設備和存儲介質)	Invention patent (發明專利)	ZL201911312439.7	Our Company	PRC	December 18, 2019	Valid

No.	Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
124	Positioning tools, manipulator systems, surgical systems and registration methods (定位工具、機械臂系統、手術系統以及註冊配准方法)	Invention patent (發明專利)	ZL201911382736.9	Our Company	PRC	December 27, 2019	Valid
125	Bone registration method Bone registration system bone registration control device and traceable components (骨註冊方法、骨註冊系統、骨註冊控制裝置及可跟蹤元件)	Invention patent (發明專利)	ZL202010102880.9	Our Company	PRC	February 10, 2020	Valid
126	Bone registration method Bone registration system bone registration control device and traceable components (骨註冊方法、骨註冊系統、骨註冊控制裝置及可跟蹤元件)	Invention patent (發明專利)	ZL202010102562.2	Our Company	PRC	February 10, 2020	Valid

(c) Domain name

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain name in the PRC which, in the opinion of our Directors, is material to our business:

Domain Name	Name of Registered Proprietor	Date of Registration	Expiry Date
medbotsurgical.com	Our Company	November 14, 2019	November 14, 2022

C. FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Interests and short positions of the Directors, Supervisors and the chief executive of our Company in the registered capital of our Company and its associated corporations

Immediately following the completion of the Global Offering and assuming that the Over-Allotment Option is not exercised, the interests or short positions of Directors, Supervisors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), to be notified to our Company once the H Shares are listed will be as follows:

Interest in Shares of our Company

Name	Nature of Interest	Class of Shares	Number of shares[1]	Percentage holding in the relevant class of shares (approx.)	Percentage holding in the total issued share capital (approx.)
Dr. He Chao	Interest in a controlled corporation[2][3][4]	H Shares	621,906,912(L)	65.70%	65.24%
Mr. Yuan Shuai	Interest in a controlled corporation[3][4][5]	H Shares	557,001,874(L)	58.84%	58.43%

Notes:

(1) The letter "L" denotes a long position in our Shares.

(2) As of the Latest Practicable Date, Dr. He was the general partner of Shanghai Qingmin. By virtue of the SFO, Dr. He was deemed to be interested in the Shares held by Shanghai Qingmin.

(3) As of the Latest Practicable Date, Dr. He held approximately 43.12% interest in Shanghai Qinghe as its limited partner. Mr. Yuan was the general partner of Shanghai Qinghe. Shanghai Qinghe held 25,162,653 Shares, representing approximately 2.74% and 2.64% of our Shares in issue immediately prior to and following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), respectively. By virtue of the SFO, each of Dr. He and Mr. Yuan was deemed to be interested in the Shares held by Shanghai Qinghe.

(4) As of the Latest Practicable Date, Dr. He held approximately 54.05% interest in Shanghai Qingzhen as its limited partner. Mr. Yuan was the general partner of Shanghai Qingzhen. Shanghai Qingzhen held 16,963,831 Shares, representing approximately 1.85% and 1.78% of our Shares in issue immediately prior to and following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), respectively. By virtue of the SFO, each of Dr. He and Mr. Yuan was deemed to be interested in the Shares held by Shanghai Qingzhen.

(5) As of the Latest Practicable Date, Mr. Yuan was the general partner of Shanghai Songqing Enterprise Consulting Center (LLP) (上海頌擎企業管理諮詢中心(有限合夥)) ("Shanghai Songqing"). Shanghai Songqing held approximately 35.87% interest in Shanghai Qingxing, which held 31,108,214 Shares, representing approximately 3.39% and 3.26% of our Shares in issue immediately prior to and following the completion of the Global Offering (without taking into account Shares which may be issued pursuant to the exercise of the Over-allotment Option), respectively. By virtue of the SFO, Mr. Yuan was deemed to be interested in the Shares held by Shanghai Qingxing.

Interest in associated corporations of our Company

Name	Name of associated corporation	Nature of interest	Percentage of shareholding in the associated corporation (approx.)
Dr. He Chao	MicroPort	Beneficial owner(1)	0.01%
	Shanghai Targbot	Interest in a controlled corporation(2)	20.00%
Mr. Sun Hongbin	MicroPort	Beneficial owner(3)	0.51%
	MicroPort CardioFlow Medtech Corporation ("MicroPort CardioFlow")	Beneficial owner(4)	0.03%
Mr. Zhang Jie	MicroPort	Beneficial owner(5)	0.02%
	MicroPort CardioFlow	Beneficial owner(6)	0.01%
	MicroPort Vision Power MedTech Shanghai Co. Ltd. (微創視神醫療科技（上海）有限公司) ("MicroPort Vision")	Interest in a controlled corporation(7)	13.08%
Ms. Zhang Lihong	MicroPort	Beneficial owner(8)	0.03%
	MicroPort CardioFlow	Beneficial owner(9)	0.002%
	MicroPort Endovascular	Beneficial owner	0.03%
Mr. Yuan Shuai	Shanghai Intbot	Interest in a controlled corporation(10)	30.00%

Notes:

(1) As of the Latest Practicable Date, Dr. He was interested in 160,757 underlying shares of MicroPort by virtue of the options granted to him under a share option scheme of MicroPort.

(2) As of the Latest Practicable Date, Dr. He held 50% of the interest in Shanghai Youlong Enterprise Management Consultation Center (Limited Partnership) (上海佑隆企業管理諮詢中心（有限合夥）) ("Shanghai Youlong") as its general partner. Shanghai Youlong held 20% of the equity interest in Shanghai Targbot, a company owned as to 41% by our Company and therefore an associated corporation of our Company under the SFO. By virtue of the SFO, Dr. He was deemed to be interested in the interest in which Shanghai Youlong is interested.

(3) As of the Latest Practicable Date, Mr. Sun was interested in (i) 6,868,890 shares of MicroPort; and (ii) 2,439,806 underlying shares of MicroPort by virtue of the options granted to him under a share option scheme of MicroPort.

(4) As of the Latest Practicable Date, Mr. Sun was interested in 750, 000 underlying shares of MicroPort CardioFlow by virtue of the options granted to him under a share option scheme of MicroPort CardioFlow.

(5) As of the Latest Practicable Date, Mr. Zhang was interested in (i) 26,465 shares of MicroPort; and (ii) 271,339 underlying shares of MicroPort by virtue of the options granted to him under a share option scheme of MicroPort.

(6) As of the Latest Practicable Date, Mr. Zhang was interested in 200,000 underlying shares of MicroPort CardioFlow by virtue of the options granted to him under a share option scheme of MicroPort CardioFlow.

(7) As of the Latest Practicable Date, Mr. Zhang was the general partner of Shanghai Maitian Enterprise Management Consultation Center (Limited Partnership) (上海邁恬企業管理諮詢中心（有限合夥）) ("Shanghai Maitian") and Shanghai Lantian Enterprise Management Consultation Center (Limited Partnership) (上海藍恬企業管理諮詢中心（有限合夥）) ("Shanghai Lantian"). Shanghai Maitian and Shanghai Lantian held in aggregate approximately 13.08% interest in MicroPort Vision, an indirect non-wholly owned subsidiary of MicroPort and therefore an associated corporation of our Company under the SFO. By virtue of the SFO, Mr. Zhang was deemed to be interested in the interest in which Shanghai Maitian and Shanghai Lantian is interested.

(8) As of the Latest Practicable Date, Ms. Zhang was interested in (i) 103,057 shares of MicroPort; and (ii) 461,170 underlying shares of MicroPort by virtue of the options granted to her under the share option scheme of MicroPort.

(9) As of the Latest Practicable Date, Ms. Zhang was interested in 40,000 underlying shares of MicroPort CardioFlow by virtue of the options granted to her under the share option scheme of MicroPort CardioFlow.

(10) As of the Latest Practicable Date, Mr. Yuan held 50% of the interest in Shanghai Lingmin Enterprise Management Consultation Center (Limited Partnership) (上海羚敏企業管理諮詢中心（有限合夥）) ("Shanghai Lingmin") as its limited partner. Shanghai Lingmin held 30% of the equity interest in Shanghai Intbot, a company owned as to 40% by our Company and therefore an associated corporation of our Company under the SFO. By virtue of the SFO, Mr. Yuan was deemed to be interested in the interest in which Shanghai Lingmin is interested.

(b) Substantial Shareholders

(i) Interests of the substantial Shareholders in the Shares

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, our Directors are not aware of any person (other than our Director or chief executive of our Company) who will, immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(ii) Interests of the substantial shareholders of other members of our Group

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors, supervisors or chief executive of our Company) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other member of our Group:

Name of members of our Group	Name of Shareholder	Approximate percentage of shareholding
1.1 Medical	Mr. Liu Yu (劉雨)	40%

2. Particulars of Directors' and Supervisors' service contracts and appointment letters

Each of the Directors and Supervisors entered into a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

3. Agency fees or commissions received

Save as disclosed in this section, none of the Directors, Supervisors or any of the persons whose names are listed under "—D. Other Information—7. Consents of Experts" in this Appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

4. Directors' and Supervisors' remuneration

For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, the aggregate amount of fees, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payment granted by us to our Directors and Supervisors were RMB1.6 million, RMB5.7 million and RMB17.2 million, respectively.

Under the current arrangements, our Directors and Supervisors are entitled to receive compensation (including fees, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payment) from our Company for the year ending December 31, 2021 under arrangement in force as of the date of this prospectus which is approximately RMB14.6 million in aggregate.

5. Disclaimers

(a) none of our Directors or Supervisors nor any of the parties listed in "—D. Other Information—7. Consents of Experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which within the two years immediately preceding the date of this prospectus, have been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(b) save as disclosed in this section, none of our Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange;

(c) none of our Directors or Supervisors nor any of the parties listed in "—D. Other Information—7. Consents of Experts" in this Appendix, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group as a whole;

(d) save for the Underwriting Agreements, none of the parties listed in "—D. Other Information—7. Consents of Experts" in this Appendix:

  (i) is interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or

  (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of our Group;

(e) save as disclosed in this prospectus, none of the Directors, their respective associates or Shareholders of our Company (who is interested in more than 5% of the share capital of our Company) has any interests in any of our top five suppliers and top five customers; and

(f) none of the Directors is interested in any business (other than the business of our Group) which competes or is likely to compete, directly or indirectly, with our business.

D. OTHER INFORMATION

1. Estate duty

The Directors have been advised that currently no material liability for estate duty is likely to fall upon our Company in the PRC.

2. Litigation

We are not aware of any material legal proceedings, claims or disputes currently existing or pending against us, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against us that may have a material adverse effect on our business, financial position or results of operations.

3. Joint Sponsors

The Joint Sponsors have applied to the Stock Exchange for the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option).

The Joint Sponsors satisfy the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate fee of USD1.0 million for acting as the Joint Sponsors for the Listing.

4. Preliminary expenses

Our Company has not incurred any preliminary expenses for the purpose of the Listing Rules.

5. Promoters

The promoters of our Company are as follows:

No.	Name of promoters of our Company
1.	Shanghai Latent AI Technology Co., Ltd. (上海默化人工智能科技有限公司)
2.	Zhuhai Gao Ling Chongheng Equity Investment LLP (珠海高瓴崇恒股權投資合夥企業(有限合夥))
3.	Shanghai Yajian Enterprise Management Consultation Center (LLP) (上海雅堅企業管理諮詢中心（有限合夥）)
4.	Shanghai Changlong Lifescience Technology Co., Ltd. (上海常隆生命醫學科技有限公司)
5.	Tianjin Ronghao Enterprise Management LLP (天津鎔浩企業管理合夥企業(有限合夥))
6.	Shanghai Qingxing Enterprise Management Consultation Center (LLP) (上海擎興企業管理諮詢中心（有限合夥）)
7.	Shanghai Qinghe Enterprise Management Consultation Center (LLP) (上海擎赫企業管理諮詢中心(有限合夥))
8.	Hainan Biolink Hongjiu Enterprise Management LLP (海南貝霖泓玖企業管理合夥企業(有限合夥))
9.	Tianjin Yuanyi Yuanfu Enterprise Management Center (LLP) (天津遠翼元福企業管理中心(有限合夥))
10.	Shanghai Maijin Enterprise Management Consultation Center (LLP) (上海邁錦企業管理諮詢中心（有限合夥）)
11.	Shenzhen Xinlong Investment LLP (深圳芯龍投資合夥企業(有限合夥))
12.	Yifang Huida VC (Guangdong) LLP (易方慧達創業投資(廣東)合夥企業(有限合夥))

No.	Name of promoters of our Company
13.	Huimei Kangwei (Tianjin) Enterprise Management Consultation Partnership (LLP) (惠每康微(天津)企業管理諮詢合夥企業(有限合夥))
14.	Shanghai Guofang Weili Enterprise Management LLP (上海國方微理企業管理合夥企業(有限合夥))
15.	Guangdong Yifang Xinda Equity Investment LLP (廣東易方欣達股權投資合夥企業(有限合夥))
16.	Yifang Yida VC (Guangdong) LLP (易方易達創業投資(廣東)合夥企業(有限合夥))
17.	Huimei Kangqi (Tianjin) Enterprise Management Consultation Partnership (LLP) (惠每康麒(天津)企業管理諮詢合夥企業(有限合夥))
18.	Zhuhai Gao Ling Jiangheng Equity Investment LLP (珠海高瓴絳恒股權投資合夥企業(有限合夥))
19.	Shanghai Heyi Enterprise Management LLP (上海合詣企業管理合夥企業(有限合夥))
20.	Shanghai Runkun Tianlu Enterprise Management Center (LLP) (上海潤昆天祿企業管理中心(有限合夥))
21.	Shanghai Huaiang Assets Management LLP (上海懷昂資產管理合夥企業（有限合夥))
22.	Shanghai Science Technology Venture Capital (Group) Co., Ltd. (上海科技創業投資（集團）有限公司)
23.	Shanghai Qingmin Enterprise Management Consultation Center LLP (上海擎敏企業管理諮詢中心(有限合夥))

Save as disclosed in the section headed "History, Reorganization and Corporate Structure", within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

6. Qualification of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
J.P. Morgan Securities (Far East) Limited	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
China International Capital Corporation Hong Kong Securities Limited	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
KPMG	Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
Jia Yuan Law Offices	PRC Legal Advisors to our Company
Frost & Sullivan	Industry consultant

7. Consents of experts

Each of the experts named in paragraph 6 of this Appendix has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this prospectus the form and context in which it is respectively included.

8. Interests of experts in our Company

None of the persons named in paragraph 6 of this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

9. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate chargeable on each of the seller and purchaser is 0.13% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

10. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

11. Miscellaneous

(a) Saved as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.

(b) our Directors confirm that:

(i) there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2021 (being the date to which the latest audited consolidated financial statements of our Group were prepared); and

(ii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(c) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(d) all necessary arrangements have been made to enable our H Shares to be admitted into CCASS for clearing and settlement;

(e) no company within our Group is presently listed on any stock exchange or traded on any trading system;

(f) our Company has no outstanding convertible debt securities or debentures;

(g) there is no arrangement under which future dividends are waived or agreed to be waived; and

(h) none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

12. Bilingual prospectus

The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the Application Forms;

(b) the written consents referred to in "Statutory and General Information—D. Other Information—7. Consents of Experts" in Appendix VI to this prospectus; and

(c) a copy of each of the material contracts referred to in "Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts" in Appendix VI to this prospectus.

B. DOCUMENTS ON DISPLAY

The following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.medbotsurgical.com) up to and including the date which is 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountant's Report from KPMG, the text of which is set out in Appendix I to this prospectus;

(c) the report from KPMG in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(d) the audited consolidated financial statements of our Group for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021;

(e) the material contracts referred to in "Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts" in Appendix VI to this prospectus;

(f) the service contracts referred to in "Statutory and General Information—C. Further Information about Directors, Supervisors and Substantial Shareholders—2. Particulars of Directors' and Supervisors' Service Contracts and Appointment Letters" in Appendix VI to this prospectus;

(g) the legal opinion issued by Jia Yuan Law Offices, our PRC Legal Advisors, in respect of our Group's business operations in the PRC;

(h) the written consents referred to "Statutory and General Information—D. Other Information—7. Consents of Experts" in Appendix VI to this prospectus;

(i) the PRC Company Law, the PRC Securities Law, the Mandatory Provisions and the Special Regulations together with their unofficial English translation; and

(j) the industry report issued by Frost & Sullivan.

MEDBOT

医疗机器人