
WAIVERS AND EXEMPTIONS FROM COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

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

MANAGEMENT PRESENCE IN HONG KONG

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

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

- (a) both of our Company's authorized representatives, Dr. Luo Qiyi, a non-executive Director and the chairman of our Board and Ms. Chan Lok Yee, one of our joint company secretaries, will act as our Company's principal channel of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and email;
- (b) each of the authorized representatives of our Company has means of contacting all Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter;
- (c) each Director has provided his or her mobile phone number, office phone number, fax number and e-mail address to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of the office, he or she will provide the phone number of the place of his or her accommodation to the authorized representatives;
- (d) each of our Directors not ordinarily residing in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time; and
- (e) we have appointed Somerley Capital Limited as the compliance adviser of our Company (the "**Compliance Adviser**"), in compliance with Rule 3A.19 of the Listing Rules, who will also act as an additional channel of communication with the Stock Exchange from the Listing Date to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the Listing Date. The Compliance Adviser will maintain constant contact with the authorized representatives, Directors and senior management of our Company through various means,

WAIVERS AND EXEMPTIONS FROM COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

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

- (f) any meeting between the Stock Exchange and our Directors will be arranged through the authorized representatives or the Compliance Adviser or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and/or our Compliance Adviser; and
- (g) we will also retain legal advisers to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong after the Listing.

JOINT COMPANY SECRETARIES

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

- (a) a member of the Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or a barrister, as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (c) a certified public accountant, as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

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

- (a) length of employment with the issuer and other issuers and the roles he or she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations, including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training completed and/or to be completed, in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

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

WAIVERS AND EXEMPTIONS FROM COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

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

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

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

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

CONTINUING CONNECTED TRANSACTIONS

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

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

**WAIVERS AND EXEMPTIONS FROM COMPLIANCE WITH THE
LISTING RULES AND THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

WAIVER AND EXEMPTION IN RELATION TO THE SHARE OPTION SCHEME

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

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

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

- (a) given that 168 grantees are involved, strict compliance with such disclosure requirements in setting out full details of all the grantees under the Share Option Scheme in this prospectus would be costly and unduly burdensome for our Company in light of a significant increase in cost and time for information compilation, prospectus preparation, and printing;
- (b) as of the Latest Practicable Date, among all the grantees, four are Directors, one is a director of MicroPort and the remaining 163 grantees are employees of our Group or MicroPort. Strict compliance with the applicable Share Option Disclosure Requirements to disclose names, addresses, and entitlements on an individual basis in this prospectus will require number of additional pages of disclosure that does not provide any material information to the investing public;
- (c) the grant and exercise in full of the options under the Share Option Scheme will not cause any material adverse impact in the financial position of our Company;

**WAIVERS AND EXEMPTIONS FROM COMPLIANCE WITH THE
LISTING RULES AND THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

- (d) lack of full compliance with the above disclosure requirements would not prevent our Company from providing its potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and
- (e) material information relating to the options under the Share Option Scheme will be disclosed in this prospectus, including the total number of Shares subject to the Share Option Scheme, the exercise price per Share, the potential dilution effect on shareholding, and impact on earnings per Share upon full exercise of the options granted under the Share Option Scheme. Our Directors consider that the information that is reasonably necessary for the potential investors to make an informed assessment of our Company in their investment decision making process has been included in this prospectus.

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

- (a) full details of the options under the Share Option Scheme granted to each of (i) our Directors and the director of MicroPort, (ii) members of our senior management, (iii) other connected persons of our Company (if any) and (iv) other grantees who have been granted options to subscribe for 1,000,000 Shares or more will be disclosed in “Appendix IV—Statutory and General Information—D. Share Option Scheme” to this prospectus, on an individual basis, as required under the applicable Share Option Disclosure Requirements;
- (b) for the remaining grantees (being the other grantees who are not (i) our Directors and the director of MicroPort, (ii) members of our senior management, (iii) other connected persons of our Company (if any), or (iv) other grantees who have been granted options to subscribe for 1,000,000 Shares or more), disclosure will be made for, on an aggregate basis of (1) the aggregate number of grantees and the number of Shares underlying the options granted to them under the Share Option Scheme, (2) the consideration (if any) paid for the grant of the options under the Share Option Scheme, (3) the exercise period and (4) the exercise price for the options granted under the Share Option Scheme;
- (c) there will be disclosure in this prospectus for the aggregate number of Shares underlying the options under the Share Option Scheme and the percentage of our Company’s total issued share capital represented by such number of Shares as of the Latest Practicable Date;
- (d) the dilutive effect and impact on earnings per Share upon full exercise of the options under the Share Option Scheme will be disclosed in “Appendix IV—Statutory and General Information—D. Share Option Scheme” to this prospectus;
- (e) a summary of the major terms of the Share Option Scheme will be disclosed in “Appendix IV—Statutory and General Information—D. Share Option Scheme” to this prospectus;
- (f) the particulars of the waiver and the exemption will be disclosed in this prospectus;
- (g) a full list of all the grantees (including those persons whose details have already been disclosed in this prospectus) under the Share Option Scheme, containing all the particulars

**WAIVERS AND EXEMPTIONS FROM COMPLIANCE WITH THE
LISTING RULES AND THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

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

- (h) further information relating to the grantees who have been granted options is provided to the Stock Exchange; and
- (i) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

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

- (a) full details of the options under the Share Option Scheme granted to each of (i) our Directors and the director of MicroPort, (ii) members of our senior management, (iii) other connected persons of our Company (if any) and (iv) other grantees who have been granted options to subscribe for 1,000,000 Shares or more will be disclosed in “Appendix IV—Statutory and General Information—D. Share Option Scheme” to this prospectus as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) for the remaining grantees (being the other grantees who are not (i) our Directors and the director of MicroPort, (ii) members of our senior management, (iii) other connected persons of our Company (if any) or (iv) other grantees who have been granted options to subscribe for 1,000,000 Shares or more), disclosure will be made of, on an aggregate basis, (1) the aggregate number of grantees and the number of Shares underlying the options granted to them under the Share Option Scheme, (2) the consideration (if any) paid for the grant of the options under the Share Option Scheme, (3) the exercise period and (4) the exercise price for the options granted under the Share Option Scheme;
- (c) a full list of all the grantees (including those persons whose details have already been disclosed in this prospectus) under the Share Option Scheme, containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection in accordance with the section headed “Appendix V—Documents Delivered to the Registrar of Companies and Available for Inspection” to this prospectus; and
- (d) the particulars of the exemption will be disclosed in this prospectus and this prospectus will be issued on or before January 26, 2021.

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

**WAIVERS AND EXEMPTIONS FROM COMPLIANCE WITH THE
LISTING RULES AND THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

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

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

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

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

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

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

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

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

**WAIVERS AND EXEMPTIONS FROM COMPLIANCE WITH THE
LISTING RULES AND THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

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

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

- (a) this prospectus must be issued on or before January 26, 2021;
- (b) the Shares of our Company will be listed on the Stock Exchange on or before March 31, 2021;
- (c) this prospectus contains a loss estimate for the year ended December 31, 2020 (in compliance with Rules 11.17 to 11.19 of the Listing Rules) and a Directors' statement that after performing all due diligence work which they consider appropriate, there is no material and adverse change to the financial and trading positions or prospects of our Company with specific reference to the trading results from July 31, 2020 to December 31, 2020; and
- (d) our Company obtains a certificate of exemption from the SFC on strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

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

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

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

**WAIVERS AND EXEMPTIONS FROM COMPLIANCE WITH THE
LISTING RULES AND THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

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

- (b) our Company is a medical device company in China focusing on the research, development and commercialization of innovative transcatheter and surgical solutions for valvular heart diseases, and falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules;
- (c) the Accountants' Report for each of the two financial years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020 has been prepared and is set out in Appendix I to this prospectus in accordance with Rule 18A.06 of the Listing Rules;
- (d) notwithstanding that the financial results set out in this prospectus are only for the two years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and requirements under the Companies (Winding up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this prospectus pursuant to the relevant requirements;
- (e) given that Chapter 18A of the Listing Rules provides that minimum track record period for biotech companies in terms of financial disclosure is two years, strict compliance with the requirements of section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company;
- (f) our Directors are of the view that, up to the date of this prospectus, there has been no material adverse change to the financial and trading positions or prospects since July 31, 2020 (being the date of the latest audited statement of financial position in the Accountants' Report set out in Appendix I to this prospectus) to the date of this prospectus and there has been no event which would materially affect the information shown in the Accountants' Report as set out in Appendix I to this prospectus, the loss estimate for the year ended December 31, 2020 as set out in Appendix IIB to this prospectus and the section headed "Financial Information" in this prospectus and other parts of this prospectus. Based on the due diligence work performed by the Joint Sponsors so far, nothing has come to the attention of the Joint Sponsors for them to cast doubt on the views of the Directors expressed above; and
- (g) Our Company is of the view that the Accountants' Report covering the two years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020, together with other disclosure in this prospectus, has already provided the potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record and earnings trend of our Company; and our Directors confirm that all information which is necessary for the investing public to make an informed assessment of

WAIVERS AND EXEMPTIONS FROM COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

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

WAIVER IN RESPECT OF THE INVESTMENT AFTER THE TRACK RECORD PERIOD

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

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

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

(a) Ordinary and usual course of business

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

(b) Immateriality of the Investment

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

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

(c) Unduly burdensome

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

**WAIVERS AND EXEMPTIONS FROM COMPLIANCE WITH THE
LISTING RULES AND THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

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

(d) Alternative disclosure of the Investment in this prospectus

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

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

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

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

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

WAIVERS AND EXEMPTIONS FROM COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

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

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

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

- (a) we will comply with the public float requirements of Rules 8.08(1) and 18A.07 of the Listing Rules;
- (b) the Offer Shares to be subscribed by and allocated to such existing shareholders and/or their close associate under the Global Offering (the “**Participating Shareholders**”) will be at the same Offer Price and the placing will be on substantially the same terms as other cornerstone investors (including being subject to a six-month lock up period following Listing);
- (c) our Company, the Joint Global Coordinators and the Joint Sponsors, to the best of their knowledge and belief (and based on discussions between our Company and the Joint Global Coordinators and confirmations required to be submitted to the Stock Exchange by our Company and the Joint Global Coordinators), will confirm to the Stock Exchange in writing that no preference was given other than the preferential treatment of assured entitlement at the Offer Price under the cornerstone investment which follows the principles set out in the Guidance Letter HKEX-GL-51-13, and the terms will be substantially the same as other cornerstone investors; and
- (d) details of the subscription of the Offer Shares by the Participating Shareholders in the Global Offering as cornerstone investors are disclosed in this prospectus and will be disclosed in the allotment results announcement of our Company.