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## EXEMPTION FROM THE COMPANIES ORDINANCE AND WAIVERS FROM THE LISTING RULES

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### EXEMPTION AND WAIVER IN RELATION TO THE PRE-IPO SHARE OPTION SCHEMES

Under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A and paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance, this prospectus is required to include details of the number, description and amount of any of our Shares which a 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 subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given. As of the date of the prospectus, we have granted options to 435 persons to subscribe for 6,622,162 Shares, representing approximately 4.5% of the total number of issued Shares immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised, all granted options under the Pre-IPO Share Option Schemes have been fully exercised, no Shares have been issued upon the exercise of options granted under the Share Option Scheme and an aggregate of 252,740,000 Shares are offered in the Global Offering) on the terms set out in “Statutory and General Information — Pre-IPO Share Option Schemes” in Appendix VI to this prospectus.

Under the Pre-IPO Share Option Schemes, eligible persons include consultants or advisers who may be doctors or experts in the medical device industry, and provide or have provided technical advice or support to the research and development and strategic advice and support to the marketing of our Company. None of the outside consultants is a connected person, and all of them are independent of our Company, the directors, the senior management, and the shareholders. Our Company has granted options representing 1,077,892 Shares to 17 outside consultants, which accounts for less than 1% of the total number of issued Shares immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised, all granted options under the Pre-IPO Share Option Schemes have been fully exercised, no Shares have been issued upon the exercise of options granted under the Share Option Scheme and an aggregate of 252,740,000 Shares are offered in the Global Offering). Our Company did not enter into any formal engagement agreement with the consultants. The options were granted to them subsequent to the provision of their consultancy services to our Company in recognition of their contribution. Our Company believes that there is no irregularity and/or unusual aspect as to the granting of options to consultants who are independent third parties of our Company and who had, in the past, made positive contributions to the business of our Group through the provision of consultancy services and professional advice.

The consultants provided technical advice and support in relation to the research and development aspect and strategic advice and support to the marketing of our Group’s business, including the improvisation of coronary stents manufactured by our Company, electrophysiology devices, development of new products and market research on the potential launch of the products of our Company in the market. Out of these 17 consultants, 10 consultants currently do not provide any ongoing consultancy services to our Company. The remaining seven consultants are currently providing ongoing consultancy services to our Company.

We have applied to the Hong Kong Stock Exchange and the SFC respectively for and have been granted (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix IA of the Listing Rules; and (ii) an exemption under section 342A of the Companies Ordinance from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance on the ground that full compliance with these abovementioned requirements would be unduly burdensome for us for the following reasons:

- (i) given that 435 grantees are involved as of the date of the prospectus, among which 423 are not directors, members of the senior management or connected persons of our Company but are only employees or outside consultants of our Group, the strict compliance with the disclosure requirements under the Listing Rules and the Companies Ordinance on an individual basis in the prospectus will be costly and unduly burdensome on our Company in light of a significant increase in cost and timing for information compilation, prospectus preparation and printing; and

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- (ii) the grant of Pre-IPO Options to each eligible participant under the Pre-IPO Share Option Schemes is made on a case-by-case basis and is determined by the directors of our Company, taking into account the performance and contribution of each eligible participant to our Group. Individual information on such options is highly sensitive and confidential among the grantees;
- (iii) the grant and exercise in full of the options granted under the Pre-IPO Share Option Schemes will not cause any material adverse change in the financial position of our Company;
- (iv) the lack of full compliance of the applicable disclosure requirements under the Listing Rules and the Companies Ordinance will not hinder our Company in providing an informed assessment of our Company's activities, assets and liabilities, financial position, management and prospects to its potential investors; and
- (v) the disclosure of a summary of information relating to the options granted under the Pre-IPO Share Option Schemes, as described in the section headed "E. Pre-IPO Share Option Schemes" in Appendix VI to this prospectus should provide potential investors with sufficient information to make a relevant assessment of our Company in their investment decision-making process.

The Stock Exchange has granted to our Company the waiver under the Listing Rules on the conditions that:

- (i) there will be full disclosure on all Pre-IPO Options granted to directors, directors of the subsidiaries, senior management of our Group and connected persons of our Company on an individual basis all the particulars including, without limitation, the exercise price, exercise period and weighted average exercise price of the relevant options held by such director and senior management required by paragraph 10(d) of the Third Schedule to the Companies Ordinance, Main Board Rule 17.02(1)(b) and paragraph 27 of Appendix 1A in the paragraph headed "Statutory and General Information — E. Pre-IPO Share Option Schemes" in Appendix VI to the prospectus;
- (ii) for the remaining grantees, disclosure will be made, on an aggregate basis, (1) their aggregate number and number of Shares underlying the Pre-IPO Options; (2) the exercise period of the Pre-IPO Options; (3) the consideration paid for the Pre-IPO Options; (4) the exercise price of the Pre-IPO Options;
- (iii) there will also be disclosure in the prospectus for the aggregate number of Shares underlying the Pre-IPO Options under the Pre-IPO Share Option Schemes and the percentage of our Company's issued share capital represented by them;
- (iv) the dilution effect and impact on earnings per Share upon full exercise of the Pre-IPO Options in the paragraph headed "Statutory and General Information — E. Pre-IPO Share Option Schemes" in Appendix VI to the prospectus; and
- (v) a full list of all the grantees who have been granted options to subscribe for Shares under the Pre-IPO Share Option Schemes, containing all the details as required under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies Ordinance, will be made available for public inspection in accordance with the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VII to the prospectus.

The SFC has granted to our Company the exemption under the Companies Ordinance on the conditions that:

- (i) there will be full disclosure on all Pre-IPO Options granted to directors, directors of the subsidiaries, senior management of our Group and connected persons of our Company on an individual basis all the particulars including, without limitation, the exercise price, exercise period and weighted average

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exercise price of the relevant options held by such director and senior management required by paragraph 10(d) of the Third Schedule to the Companies Ordinance in the paragraph headed “Statutory and General Information — E. Pre-IPO Share Option Schemes” in Appendix VI to the prospectus;

- (ii) for the remaining grantees, disclosure will be made, on an aggregate basis, (1) their aggregate number and number of Shares underlying the Pre-IPO Options; (2) the exercise period of the Pre-IPO Options; (3) the consideration paid for the Pre-IPO Options; (4) the exercise price of the Pre-IPO Options; and
- (iii) a full list of all the grantees who have been granted options to subscribe for Shares under the Pre-IPO Share Option Schemes, containing all the details as required in paragraph 10 of Part I of the Third Schedule to the Companies Ordinance, will be made available for public inspection in accordance with the section headed “Documents Delivered to the Registrar of Companies and Available for Inspection” in Appendix VII to the prospectus.

### **WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG**

According to Rule 8.12 of the Listing Rules, all applicants applying for a primary listing on the Hong Kong Stock Exchange must have sufficient management presence in Hong Kong, normally meaning that at least two of the applicant’s executive directors must be ordinarily resident in Hong Kong. Currently, none of our executive Directors resides in Hong Kong. Since our principal operations are located in China, we do not and, in the foreseeable future, will not have a sufficient management presence in Hong Kong. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, subject to the conditions that, among other things, we maintain the following arrangements to maintain effective communication between us and the Hong Kong Stock Exchange.

We have appointed two authorized representatives, namely Dr. Zhaohua Chang and Ms. Yee Har Susan Lo, who will act at all times as our principal channel of communication with the Hong Kong Stock Exchange. The authorized representatives will be readily contactable by telephone, facsimile and email to deal promptly with inquiries from the Hong Kong Stock Exchange. Both of our authorized representatives have means of contacting other Directors promptly at all times as and when the Hong Kong Stock Exchange wishes to contact our Directors on any matter.

Each of our Directors who are not ordinarily resident in Hong Kong holds a valid travel document for travel to Hong Kong and will be available to meet with the relevant members of the Hong Kong Stock Exchange within a reasonable period upon the request of the Hong Kong Stock Exchange. For the convenience of communication, each Director has provided his means of contact to the Hong Kong Stock Exchange.

We will, in compliance with Rule 3A.19 of the Listing Rules, retain TC Capital Asia Limited as our compliance adviser who will, among other things, act as our alternative channel of communication with the Hong Kong Stock Exchange in addition to our authorized representatives. The term of the appointment of our compliance adviser will commence on the Listing Date and end on the date on which our Company distributes our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and this appointment may be subject to extension by mutual agreement. The contact persons of our compliance adviser will be fully available to respond to enquiries from the Hong Kong Stock Exchange.

### **WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS**

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from Rule 14A.34(1) of the Listing Rule in respect of the non-exempt continuing connected transactions of our Company. For further information, please refer to “Relationship with our Controlling Shareholder and Connected Transactions — Waiver application for non-exempt continuing connected transactions” in this prospectus.