

China Healthcare

China Alpha Series

Independent thinking and On-the-ground perspective

Shanghai United Imaging Healthcare (688271)

As the country's population ages and living standards rise, the market for medical equipment in China is booming. International manufacturers have long dominated the medical imaging equipment industry, which is critical in diagnosis and treatment. In recent years, China's domestic brands have grown stronger, allowing them to compete with major global medical imaging companies, and it is expected that they will capture 70% to 80% of the market. with the assistance of localization. We've been keeping an eye on these new Chinese domestic manufacturers, and UIH stands out among them.

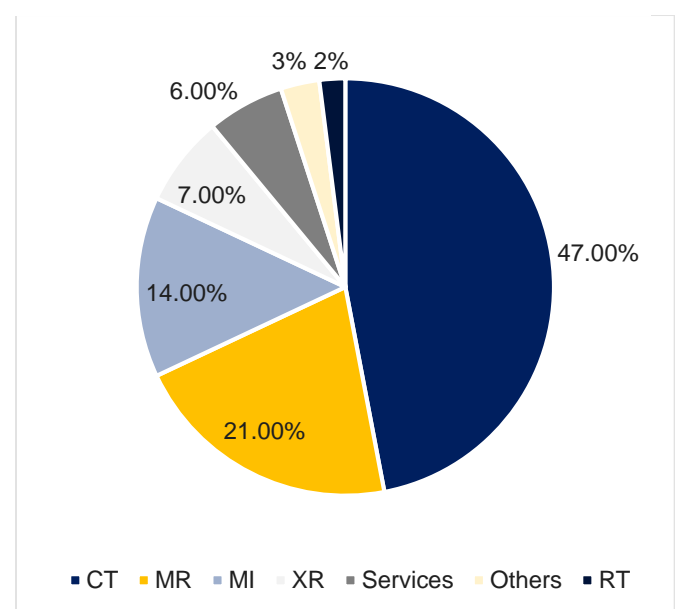
Company Update Spotlights

Founded in 2011 and based in Shanghai United Imaging Healthcare (SHSE: 688271) is a newly listed stock on the Science & Technology Innovation Board (STAR Market) of the Shanghai Stock Exchange. United Imaging is a company with a current market cap of approximately US\$20 billion or 140 billion yuan on 824.16 million shares outstanding. The company just recently raised over US\$1.6 billion or 11 billion yuan in a private placement of Initial Public Offering in August of 2022 with 100 million shares at an IPO price of 109.88 yuan. Reportedly, the company's shares were oversubscribed by 3500 times among retail investors as it was a top buy & hold stock for institutional investors. United Imaging is China's #1 medical diagnostic imaging equipment company. The company engages in the research and development, manufacturing, and sales of a comprehensive portfolio of large-scale diagnostic products including: 1) Computed Tomography (CT), 2) Magnetic Resonance (MR), 3) Molecular Imaging (MI), 4) X-ray Radiography (XR), and 5) Radiotherapy (RT) equipment & solutions.

China's Companies to Watch in 2022

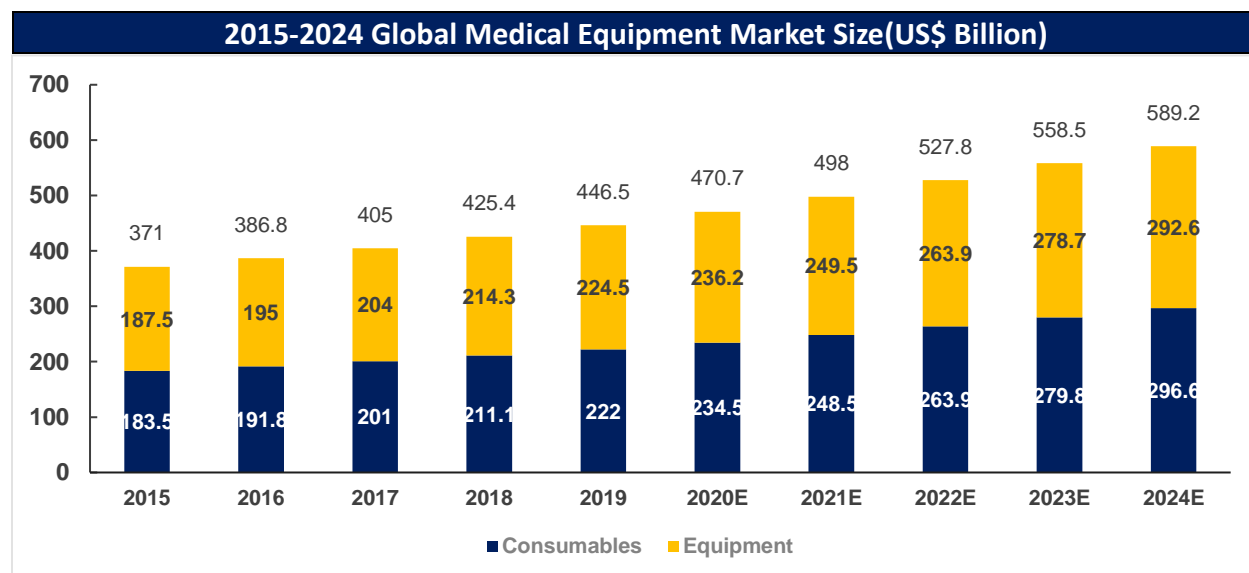
United Imaging 688271
Beijing Kingsoft SHA 688111
Meituan HK 3690
Ligao Food SHE 300973
Jiumaojiu HK 9922
Sany Excavator SHA 600031

United Imaging Healthcare Sales Breakdown



The global medical equipment market

- The global medical equipment market size in 2021E stood at US\$498 billion, and global demand for medical equipment is expected to reach US\$818 billion by 2030E. **China's 2021 medical equipment market** was estimated to be **US\$123 billion (845 billion yuan)**, accounting for roughly one-fourth of global market share.



UIH's Core Competitive Advantages

- **Essential competitive advantages: people, technology, capital.** UIH's stakeholders including management, shareholders, and experts are **China's cream of the crop, being high level international caliber professionals, investors, and scientists.** For examples, all 9 board of directors, including 3 independent directors, have either a master's degree or PhD in related field (with 6 board members holding a doctorate degree). Over 1,900 employees hold a master's or doctoral degree, and 35% of the company's employees or 2,000 staff are R&D personnel possessing scientific and technical expertise.
- **More importantly, UIH is funded and established by the influential & powerful state-owned enterprises of Shanghai.** Specifically, **Shanghai United Investment (Lianying) Group of the Shanghai city government and the central government's world-renowned Chinese Academy of Science** who, as of August of 2022, hold a majority control of UIH. In 2014, **President Xi Jinping visited the high profiled company, accompanied by the Party Committee Secretary of Shanghai, and the Mayor of Shanghai.**
- **In addition, UIH has also received the endorsement of high-level government agencies** in terms of its cutting-edge technology as UIH has received numerous awards, rankings, certificates, licenses, copyrights, trademarks, and patents globally. As of December 31, 2021, the company has a total of 268 computer software copyrights, 564 registered trademarks, and 2,636 authorized patents.

Company Roadmap

- 1) Concord, California, USA - RT R&D Center.
- 2) Houston, Texas, USA - North American HQ, Production Base, and R&D Center.
- 3) Cleveland, Ohio, USA - CT R&D Center.
- 4) Boston, Massachusetts, USA - AI R&D Center.
- 5) Shanghai, China - Global HQ.
- 6) Shenzhen, China - CO R&D Center, CRC Shenzhen R&D Center.
- 7) Wuhan, China - Central China R&D Center and Production Base.
- 8) Changzhou, China - East China Production Base.
- 9) Beijing, China - CRC Beijing R&D Center.
- 10) Guizhou, China - Southwest China Production Base.
- 11) Kuala Lumpur, Malaysia - Asia-Pacific RHQ.

Global R&D and Production Network

- 1) Concord, California, USA - RT R&D Center.
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- 10) Guizhou, China - Southwest China Production Base.
- 11) Kuala Lumpur, Malaysia - Asia-Pacific RHQ.

Company Milestone

2011 - United Imaging Healthcare Co., Ltd. (UIH) officially founded.

2012 - Radiation Therapy (RT) R&D center established in Concord, California.

2013 - North American R&D center founded in Houston, Texas.

2014 - UIH Advanced Medical Equipment Industrial Park established with a total of 1.3 million square feet in Shanghai. In May of 2014, President Xi Jinping visited UIH, accompanied by the Party Committee Secretary of Shanghai, and Mayor of Shanghai.

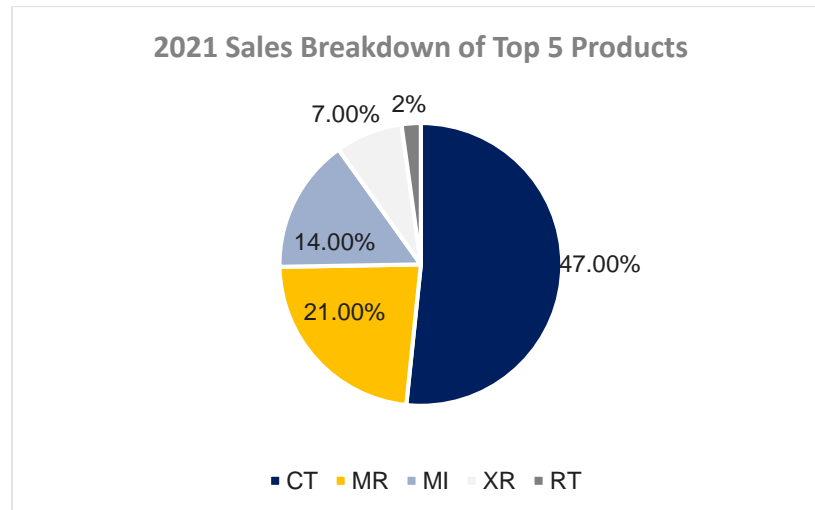
2015 - Released U+ Internet Healthcare with a range of medical IT solutions.

2016 - UIH commissioned a 2nd production facility totalling 2.5 million sq ft.

2017 - UIH raised US\$500 million in series A financing with post-money valuation of US\$5 billion, making it a much-desired rare unicorn company. In addition, United Imaging Intelligence Co., Ltd. was founded, focusing on medical Artificial Intelligence.

2018 - UIH Solutions LLC, responsible for North American Sales, Marketing and Service, was founded in Houston, Texas. The construction of a 100,000 square feet R&D, manufacturing, training, and customer service center commenced in Houston, Texas. Subsequently, UIH made its U.S. market debut by attending the Radiological Society of North America (RSNA) Annual Meeting.

- In 2021, total combined sales of **UIH's 5 product categories** reached **6,624 million yuan**, accounting for **91%** of the company 2021 consolidated sales of **7,254 million yuan**. Among which, UIH's total combined sales from **3 product categories: CT, MR, and MI** accounted for **83%** of the company's total sales in 2021.



- **The medical imaging equipment market can be divided into diagnostic imaging equipment and therapeutic imaging equipment.** In turn, the diagnostic imaging equipment market can be further subdivided generally based on different electromagnetic signals:

1) Computed tomography imaging (i.e. CT scan) equipment using X-ray radiation through the body to capture detailed, computerized, and 3-dimensional 360-degree images,

2) Magnetic resonance imaging (i.e. MI or MRI) equipment using magnet to pass radio wave through the body to capture detailed images instead of X-ray radiation,

3) Molecular imaging (MI) equipment can do a Positron Emission Tomography (PET) scan combined with a CT scan using X-ray radiation (i.e. PET-CT) or PET-MR using magnet and radio wave (without X-ray radiation) at the molecular level. That is, MI's PET-CT or PET-MR is used to observe molecules of organs, tissues, and blood vessels in order to detect changes in metabolic and physiological processes and activities. In other words, MI is used for imaging patients' molecules to observe, diagnose, and treat cancer, heart diseases, brain disorders, gastrointestinal disorders, lung disorders, bone disorders, kidney disorders, and kidney disorders, among other things.

4) X-ray imaging (XR) 2-dimensional equipment, and ultrasound (US) equipment and others.

Therapeutic imaging equipment can be roughly divided into digital subtraction angiography equipment (DSA), directional radiation equipment (orthopedic C arm), and

5) Radiotherapy (RT) equipment & solution using radiation to eliminate cancer cells.

- **To reiterate, CT-MR-MI-XR-RT sales accounted for most of the the company's revenue.** medical imaging equipment products, **which accounted for over 91%**, and except for XR, the sales revenue of each product category has maintained a rapid growth rate. Moreover, maintenance services accounted for 6% of total sales, software sales business accounted for 1%, and Others constituted 1% of total sales.
- **The company's top 5 customers are as follows:**
 - 1) **In 2021:** 1) Affiliated Cancer Hospital of Sun Yat-sen University - 2.21%, 2) Qingdao Yee An Kangyu Medical Technology Co., Ltd. - 2.08%, 3) Guangdong Provincial People's Hospital - 1.78%, 4) Beijing Liancheng Medical Technology Co., Ltd. - 1.50%, 5) Sichuan Jintian Medical Equipment Co., Ltd. - 1.23%; **Top 5 total in 2021 is 8.80%.**
 - 2) **In 2020:** 1) Shandong First Medical University - 2.17%, 2) Qingdao YeeAn Kangyu Medical Technology Co., Ltd - 2.04%, 3) Xinjiang Zhixin Langtong Commercial and Trade Co., Ltd. - 1.73%, 4) Henan Provincial People's Hospital - 1.69%, 5) Southern Hospital of Southern Medical University - 1.64%; **In 2020, the top five total is 9.27.**
- **The company's main sales method classified according to the sales distribution channel is as follows:**

UIH Sales Distribution	2019	2020	2021
Dealers, Agents, Distributors	65%	68%	66%
Direct Inhouse Sales	35%	32%	34%
Total	100%	100%	100%

- In recent years, the company has continued to increase the expansion of its overseas business, and the growth rate of overseas business is relatively fast. For example, **in 2021**, the company's **export sales in the U.S. market grew 155%**. **Nevertheless, over 90% of the company's sales still comes from the China market.**

UIH Export Sales	2019	2020	2021
U.S. market as % of Total Sales	1.21%	1.13%	2.29%

UIH's Medical Imaging Equipment Market Outlook

- **China's 2021E medical imaging equipment market segment sales stood at 53.5 billion yuan**, constituting **only 6%** of the entire medical equipment market in China estimated to be **908.15 billion yuan in 2021**. As such, the data indicates that UIH is indeed a niche player, operating in an exclusively high-end niche market both domestically and globally.
- **On the other hand, the company is well-positioned to cherry-pick** and select other highly desirable market segments that it wishes to enter, signifying the company's growth potential via new product development is vast and extensive. In fact, UIH has continued to invest heavily in R/D to maintain its technological competitive advantage and to advance its new product development.

UIH R/D Expense	2019	2020	2021
R/D (Million Yuan)	690	850	1048
Consolidated Sales (Million Yuan)	2979	5761	7254
R/D Expenditure %	23.17%	14.76%	14.45%

- **Although the global medical imaging equipment market is mature, with a growth rate of about 3-4%, the Chinese market has a significantly higher growth rate of around 10%.** The domestic medical imaging equipment market has been dominated by imported brands (i.e. **GE, Philips, Siemens – GPS**) for a long time, capturing over 90% of China's market. Even so, **domestic manufacturers** in China are expected to obtain up to 70-80% of domestic market shares in the coming years, up from less than 30% in 2021.
- UIH's market share in the China's medical imaging equipment market has been improving impressively. In fact, in just two years, **UIH has more than doubled its market share:**

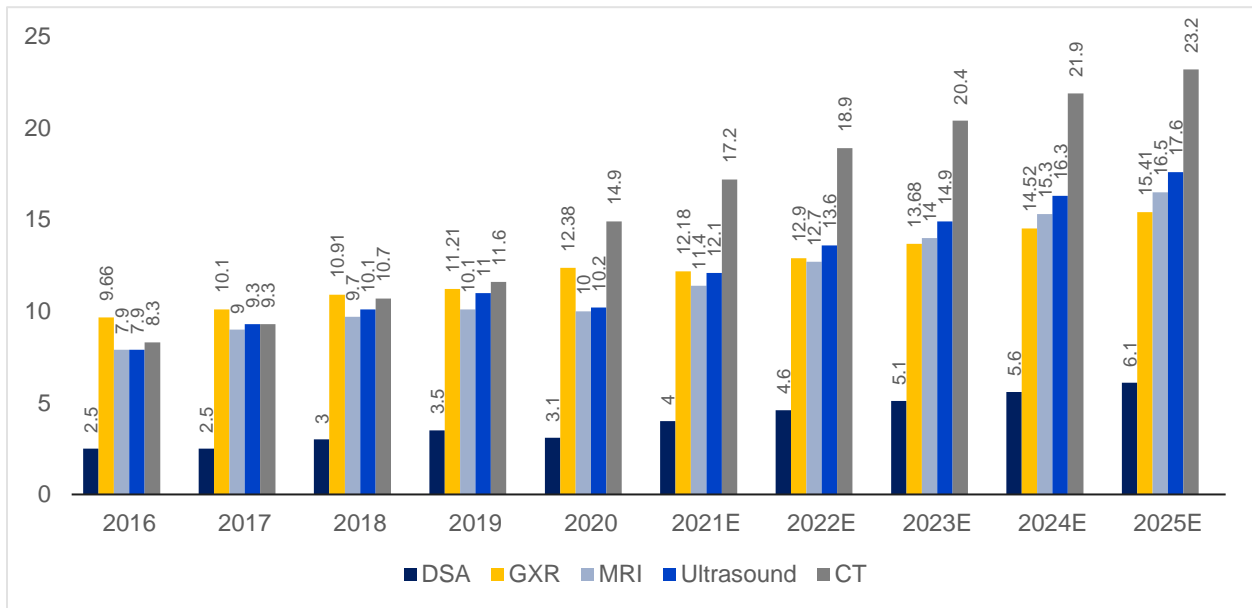
UIH Market Share in China (Million Yuan; %)	2019	2020	2021
China's Medical Imaging Equipment Mkt in Million Yuan	46010	53700	53530
UIH Combined Sales for CT, MR, MI, XR, RT Equipment	2609	5250	6624
UIH Medical Imaging Equipment Market Share in China %	5.7%	9.8%	12.4%

- **UIH has achieved breakthroughs in many core areas and successfully entered the high-end market.** In 2021, United Imaging has obtained a market share of about **12.4%** in China. As a fast-growing market leader, United Imaging is believed to be able to achieve a market share of **30%** in the long run.
- **2021 China market for medical imaging equipment is estimated to be 53.5 billion yuan.**

China's medical imaging market growth is reported to have averaged 12% annually from 2015-2020 and forecasted to average 7% annually from 2020-2030E.

- China's medical imaging equipment market** can be divided according to different functions into medical imaging equipment, surgery-related equipment, in vitro diagnostic equipment, and other categories. Among them, medical imaging equipment refers to **diagnosis via various electromagnetic signals including visible light, X-rays, ultrasound, strong magnetic fields, and other electromagnetic signals of the human body** by recording the signal intensity distribution of human body as feedbacks in the form an image. In turn, this will enable doctors to diagnose the human body of the patient and identify injuries, inflammations, problems, illnesses, and applicable treatments.

China's Medical Imaging Equipment Market (Billion Yuan)



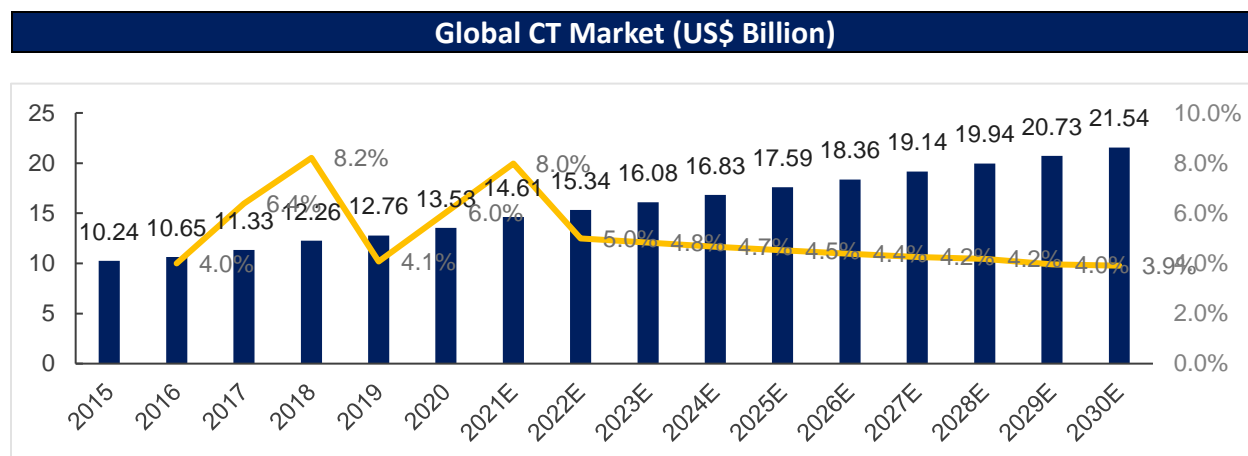
- The relative strength of GE, Philips, and Siemens (GPS) to domestic brands has significantly weakened since the early years of the market, and there is no longer an overstocking of GPS equipment in the industry now. Domestic high-end brands have gained market acceptance and recognition.
- The state encourages hospitals to use domestic high-end imaging equipment:** however, although high-end domestic equipment makers such as United Imaging is comparable to GPS in terms of technology and product quality at present, the price of domestic brands is also as high as the GPS products. As such, many hospitals prefer to buy imported products under such circumstances. Therefore, industry experts believe that the main reason affecting the enthusiasm for purchasing domestic high-end imaging equipment is the price, not technical issues.

- **In China, the purchasing of large-scale CT-MR-MI-XR-RT medical imaging equipment is primarily concentrated in hospital administration at the hospital CEO & Dean level.** Therefore, the sales of different large-scale equipment have synergy and a certain degree of stickiness in the sales channel.

During the epidemic, the GPS supply chain in China was disrupted: the main parts and components of GPS equipment are primarily imported, and factories in foreign countries ceased production and logistic operations. In China, the supply chain of domestic brands is largely unaffected. Although many GPS companies are currently building factories in China, they are mostly just assembly plants, with component production still taking place elsewhere.

- **Sales team comparison of GPS and domestic brands:** the number of agents & distributors for medical equipment is about four or five hundred in China, but few are recruiting new people. The starting salary of GPS sales personnel is higher, while the bonus part of domestic companies is higher. If sales targets are met, a salesperson's salary in a domestic company will be slightly higher.
- **The difference between domestic and GPS in clinical usage:** there is not much difference in the images, but some auxiliary follow-up processing application is slightly inferior in the domestic brands. For example, when dealing with acute cerebral stroke, GE has a special artificial intelligence software to process the patient information parameters to obtain the diagnosis results more quickly and accurately. Most domestic products are slower than GPS in imaging speed, and higher in the failure rate of the machines. United Imaging's 3t model has no significant difference with the imported brands¹. In the after-sales service, the imported brands respond faster and can troubleshoot quicker.

UIH's X-ray computed tomography (CT) imaging equipment market

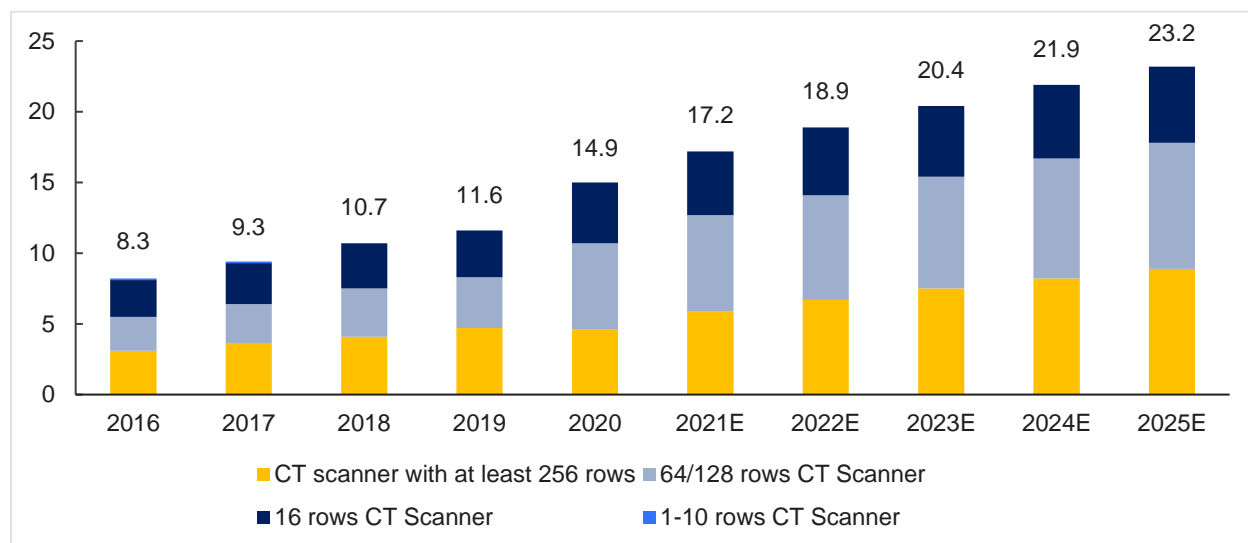


- According to the number of units sold, UIH was China's #1 CT equipment manufacturer in 2020, outperforming GE, Philip, and Siemens in the China market. UIH's CT market share in China is as follows:

UIH's CT Market Share (in # of units)	2020
UIH's CT Market Share in China	23.7%
GE's CT Market Share in China	18.2%
Philip's CT Market Share in China	14.8%
Siemens' CT Market Share in China	11.1%

- In 2021, UIH launched the first new high end 160 rows wide CT product for scientific research named the uCT860 model series and the first 80 rows wide scientific research model series named uCT820.
- Hospitals have a large demand for CT equipment procurement during the epidemic. CT sales during the first quarter of 2022 decreased compared to 2021, and 2022 sales level is expected to be the same as in 2018-2019.
- Industry experts believe that GPS's CT market sales will usher in the first negative growth in 2022. That is, despite the explosive growth in 2020 and 2021, which has popularized the usage of CT, the CT market is expected to face negative growth in the near term.

China CT Market in Billion Yuan



CAGR	1-10 rows CT Scanner	16 rows CT Scanner	64/128 rows CT Scanner	CT scanner with at least 256 rows	Average
2016~2020	N/A	12.9%	25.9%	10.1%	15.9%
2020~2025E	N/A	5.0%	8.1%	14.0%	9.3%

- United Imaging and GPS CT product performance:** According to several industry experts' personal opinions (for reference only), Siemens has the most advantages in the very high-end, top of the line CT market segment, followed by GE, Philips, and United Imaging.

China's CT Market Share in Global Market in 2021

Global 2021 CT Market in US\$ Billion	14.61
China's 2021 CT Market in US\$ Billion	2.52
China's Market Share in Global 2021 CT Market	17.25
Exchange Rate	6.8
China's 2021 CT Market in Billion Yuan	17.2

- In terms of CT equipment, the greater the number of rows on the CT hardware, the greater the scanning range and the faster the scanning speed. Among the CT products with high row numbers, the GPS market shares are higher. Industry experts have compared domestic 256-row CT and Philips 256-row CT, and there is no obvious difference in image, speed, and hardware, but there is still a gap in post-processing.

- As the company's top product category, CT equipment accounted approximately 50% of the company's 2021 total sales (i.e. including CT maintenance service fees). As a result, UIH's CT market share in China has in fact reached 23% in 2021.

2021 UIH CT Market Share in China

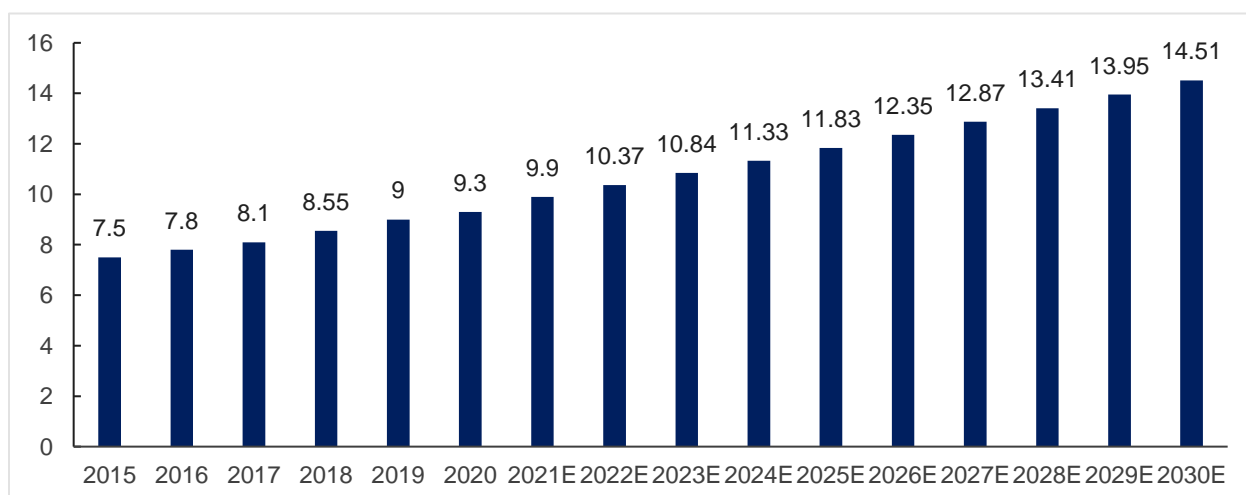
UIH 2021 CT Consolidated Sales in Billion Yuan	3.421
China's 2021 CT Market in Billion Yuan	14.78
UIH's 2021 CT Market Share in China Market	23%

- CT equipment price trend:** the price of CT has dropped significantly, and the competition is fierce. CT manufacturers have different technical routes and different costs, and the pricing also varies significantly. **For UIH, the company's Average Price Trend for CT equipment is as follows:**

	2019	2020	2021
UIH's CT Equipment Average Price (in million yuan)	1.66	2.01	1.89

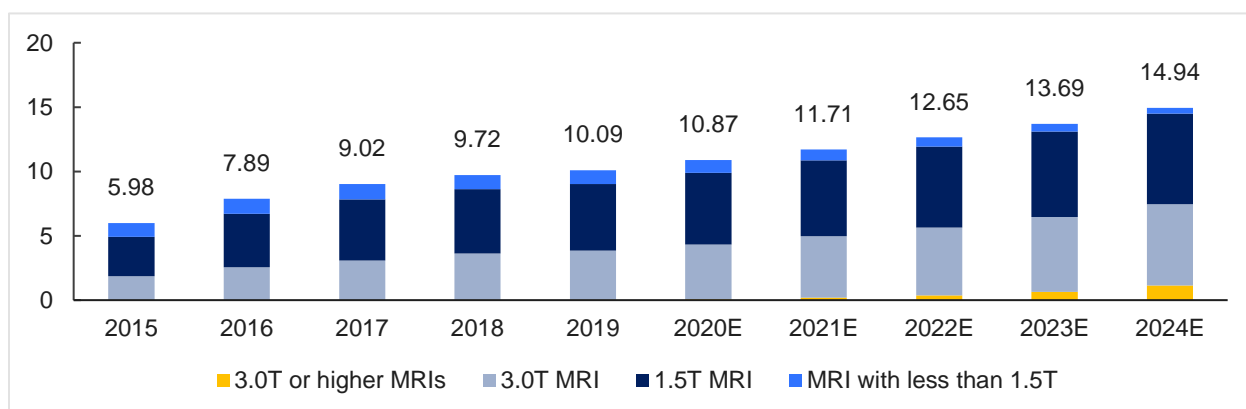
UIH's Magnetic Resonance (MR) Imaging Equipment Market

Global MR Market (US\$ Billion)



- In terms of MR equipment, the higher the field strength of magnetic imaging products, the higher the resolution. The tertiary hospital has strict requirements, and the more popular model is 3t. Industry experts believe that the hardware of domestic leading medical MR products is already at the same level as GPS, despite that the software for post-processing is still slightly inferior as it requires the accumulation of technology and an excellent technical team.

2015-2024 China MR Market (in Billion Yuan)



- **Launch of MR New Products in 2021:** the industry's first 75cm large aperture 3.0T MR product, the uMR Omega, is launched. The first ultra-high-performance 3.0T MR product, uMR 890, is also launched.

2021 UIH MR Market Share in China

UIH 2021 MR Consolidated Sales in Billion Yuan	1.529
China's 2021 MR Market in Billion Yuan	10.04
UIH's 2021 MR Market Share in China Market	15%

- **MR equipment price trend:** the price of MR has increased only slightly in recent years. For UIH, the company's Average Price Trend for MR equipment is as follows:

	2019	2020	2021
UIH's MR Equipment Average Price (in million yuan)	4.23	4.56	4.54

- According to the number of units sold, UIH was also China's #1 MR equipment manufacturer in 2020, outperforming GE, Philip, and Siemens in the China market. UIH's MR market share in China is as follows:

UIH's MR Market Share (in # of units)	2020
UIH's MR Market Share in China	20.3%
Siemens' MR Market Share in China	17.6%
GE's MR Market Share in China	16.6%
Philip's MR Market Share in China	11.1%

UIH's Molecular Imaging (MI) Equipment Market

- Although CT scan shows detailed images of the organs and tissues inside your body, a Positron Emission Tomography (PET) scan combined with a CT scan can find abnormal activities & changes and is more sensitive and precise than a regular CT scan. For example, PET-CT is more effective in observing & diagnosing changes in metabolic process & physiological activities of organs, tissues, and vessels using X-ray radiation radiotracers. **More importantly, a MI PET-CT scan or MI PET-MR scan can show specific molecules at the tissue, cell and subcellular level, reflecting molecular level changes in the living state,**

so clinical doctors can conduct qualitative and quantitative research on biological behavior. Molecular imaging technology can also explore abnormalities in cellular and molecular levels during the progression of a disease, explore the occurrence, development, and outcome of diseases (such as cancer, Parkinson's syndrome), and evaluate the effectiveness of drugs and treatments. In short, PET-MR can reflect the metabolism of human cells to observe the early functional changes of organs, tissues, vessels, and cells from the molecular level and have the characteristics of high sensitivity and strong specificity, which is suitable for early detection of lesions and illnesses.

- **PET-CT is an integral part of a Molecular Imaging (MI) equipment system.** In November of 2018, NIH's self-developed PET-CT was first approved and used by the Zhongshan Hospital of Shanghai Medical College of Fudan University.
- **In 2020, UIH is #1 in PET-CT market share in China, with 32.1%, followed by GE, Siemens, and Philips:**

UIH's PET-CT Market Share (in # of units)	2020
UIH's PET-CT Market Share in China	32.1%
GE's PET-CT Market Share in China	26.4%
Siemens' PET-CT Market Share in China	21.4%

Philip's PET-/CT Market Share in China **8.6%**

- United Imaging is able to obtain a PET-CT market share of about 32% because the company's technology in this product line is ahead of GPS. For example, GPS's PET-CT standard is 52 rings, and United Imaging's standard is 96 rings. In addition, UIH's receiving signal is stronger, more sensitive, and more efficient.
- **The usage of PET-CT in highly specialized hospitals:** although the usage of PET-CT is far less common than regular CT, with the inclusion of medical insurance, the usage of PET-CT is increasing. Highly specialized hospitals mainly use Siemens' PET-CT, and doctors & experts have noticed that United Imaging's PET-CT is among the best in the world.
- **China's PET-CT market demand:** there are roughly 400 to 500 PET-CT equipment units in China, but the demand for PET-CT equipment is not strong because: 1) the requirements for obtaining a license are high, 2) the scope of clinical application is not wide. PET-CT is used only in few departments such as cancer, heart, and neurological departments, and 3) PET-CT should be used in conjunction with drugs with a shorter half-life, and the domestic drug supply is limited.
- **PET-MR is also another integral part of a Molecular Imaging (MI) equipment system.** UIH

is the **only homegrown PET-MR manufacturer selling in China's PET-MR market. What's more, UIH is the #1 PET-MR in the China market**, outcompeting GE, Philip, and Siemens in 2020. In fact, in 2020, UIH has obtained 50% market share of China's PET-MR market, followed by GE at 25%, and Siemens at around 25%:

UIH's PET-MR Market Share (in # of units)	2020
UIH's PET-MR Market Share in China	50%
GE's PET-MR Market Share in China	25%
Siemens' PET-MR Market Share in China	25%

- **MI equipment price trend:** MI equipment is very expensive, often more than 5 times more expensive than CT equipment. **For UIH, the company's Average Price Trend for MI equipment is as follows:**

	2019	2020	2021
UIH's MI Equipment Average Price (in million yuan)	8.37	15.17	13.00

Please note that the reason for the dramatic price increase in 2020 & 2021 was due to the introduction of new high-performance models in 2020.

- The company's MI products can be equipped with advanced post-processing applications such as multimodal image fusion, dynamic analysis, tumor tracking, brain analysis, and cardiac analysis, providing accurate analysis for the clinical diagnosis and treatment of tumor, nerve, and heart-related diseases.

UIH's MI Sales Percentage	2019	2020	2021
MI Equipment (million yuan)	310	576	1040
Consolidated Sales (million yuan)	2979	5761	7254
MI's Sales Percentage	10.4%	10.0%	14.3%

UIH's Future Growth Outlook

- **The company's highlights in the next three years:** 1) The increase in the **domestic high-end equipment market share**. 2) The volume production of **new products such as RT & DSA**. 3) The increase in the proportion of **overseas export sales**:

UIH Export Sales (million yuan)	2019	2020	2021
Major Export Sales Markets - % Growth	-	85%	165%
Americas - % Growth	-	81%	155%
Europe - % Growth	-	158%	61%
Major Export Sales Markets – mn yuan	55	102	270
Americas – mn yuan	36	65	166
Europe – mn yuan	12	31	50
UIH Consolidated Sales – million yuan	2979	5761	7254

- **New Product Development Progress:** the company has launched a number of industry-leading products, including uEXPLORER, the industry's first PET/CT product with 4D full body dynamic scanning capabilities, uPMR 790, the first national integrated PET/MR product, and the first digital Time-of-Flight (TOF) magnetic resonance angiography (MRA), and other **Digital Subtraction Angiograph (DSA)** systems.

In addition, according to the different clinical uses of **X-Ray Radiograph (XR)**, its products

can be divided into **Digital medical X-ray imaging Radiography system (DR)** and digital mammary X Line Imaging System (i.e., Mammo), Mobile C-Arm X-Ray Imaging System (Mobile C-Arm), and **Digital Subtraction Angiography X-ray Imaging System (DSA)**, etc. Among them, **DR**, which was one of UIH's best-selling product in 2020-2021 of the pandemic period, is widely used in routine physical examination and clinical disease diagnosis and is the most widely used radiological imaging equipment in clinical applications; Mammo is mainly used for screening and diagnosis of various breast diseases; The mobile C arm is mostly used to provide image guidance for surgical operations, and the **DSA is mostly used for image guidance for various interventional surgeries** such as heart organs, nerves, and tumors.

It is expected that the future sales growth of new products from: 1) **Radiotherapy (RT) equipment & solution using radiation to eliminate cancer cells**, and 2) **Digital Subtraction Angiography X-ray Imaging System (DSA)** for surgeries such as heart related organs, nerves, and tumors will accelerate the sale growth the fastest.

- **UIH's subsidiaries (for areas or regions of potential sales growth) include:** 1) Shenzhen Lianying Medical Technology Co., Ltd., 2) Wu Han Lianying Medical Technology Co., Ltd., 3)

Shanghai Lianying Medical High-Tech Research Institute Limited Company, 4) United Imaging Healthcare UK Ltd., 5) United Imaging Healthcare Hong Kong LIMITED, 6) United Imaging Healthcare MENA FZCO, 7) United Imaging (Changzhou) Medical Technology Co. Ltd., 8) United Imaging Healthcare Korea Co. Ltd., 9) Shanghai Liying Technology Co. Ltd., 10) Shenzhen Lianying Medical Data Service Co., Ltd., 11) Wuhan Lianying Zhirui Medical Technology Co., Ltd., 12) Wuhan Lianchen Medical Technology Co., Ltd., 13) UIH America Inc., 14) United Imaging Healthcare Southern Africa (PTY) LTD., 15) United Imaging Healthcare North Africa SARLAU, 16) Wuhan Lianying Life Science Instrument Co., Ltd., 17) UIH Technology LLC UIH Solutions LLC., 18) Ofuni Ying (Guizhou) Medical Technology Co. Ltd., 19) Shanghai Xinmen Crystal Material Technology Co. Ltd., 20) Shanghai Xinmencheng Co. Ltd., 21) United Imaging Healthcare (Malaysia) Sdn. Bhd., 22) United Imaging Healthcare (Australia & New Zealand) PTY LTD, 23) United Imaging Healthcare Poland SP., 24) United Imaging Healthcare Japan Co., Ltd.

- **During the epidemic, hospitals had a large demand for medical imaging equipment procurement**, and sales of equipment manufacturers such as United Imaging increased significantly. In the post-epidemic era, with the increasing localization rate, the importance of homegrown equipment manufacturers will become more and more prominent, especially for market leaders such as United Imaging. This is due to:
1) United Imaging has the industry's top R&D team. The barriers to R&D and

manufacturing of large-scale equipment are high, especially for high-end equipment which requires top R&D personnel. There are many top scientists of the industry working for United Imaging.

2) The emphasis on R&D investment is enormous. Large-scale medical imaging equipment has a massive investment capital requirement and a long recovery period. It is difficult for ordinary companies to make corresponding capital investments.

3) UIH has carried out in-depth cooperation in the integration of production, education, research, and medicine with top domestic medical institutions to help research and development and lay the foundation for the promotion of subsequent products

Conclusion

- **To sum up**, China’s medical imaging equipment market has been dominated by imported brands (i.e. GE, Philips, Siemens – GPS) for a long time, capturing over 90% of China’s market. However, **homegrown manufacturers in China are expected to obtain up to 70% to 80% of China market in the coming years, up from less than 30% in 2021.**

As China’s #1 medical diagnostic imaging equipment company, UIH’s core competitive advantages include: its people, technology, and capital. UIH’s strong stakeholders such as its **management, scientific experts, and shareholder** are China’s cream of the crop, being high level international caliber professionals, scientists, and investors. In 2017, UIH raised US\$500 million in series A financing with post-money valuation of US\$5 billion, making it a much-desired rare unicorn company. After its IPO, the company’s current market capitalization as of August of 2022 is over US\$20 billion.

- **UIH’s market share in China’s medical imaging equipment market, which represent over 90% of its total sales, has been improving impressively. In fact, UIH has more than doubled its market share in two years’ time by obtaining a 12.4% market share in 2021:**

UIH Market Share in China (Million Yuan; %)	2019	2020	2021
China’s Medical Imaging Equipment Mkt in Million Yuan	46010	53700	53530
UIH Combined Sales for CT, MR, MI, XR, RT Equipment	2609	5250	6624
UIH Medical Imaging Equipment Market Share in China %	5.7%	9.8%	12.4%

In addition, **UIH is funded and established by the influential & powerful state-owned**

enterprises of Shanghai. Specifically, UIH is funded and established by the influential state-owned Shanghai United Investment (Lianying) Group of the Shanghai city government and the central government’s world-renowned Chinese Academy of Science. As of August of 2022, post-IPO, the Shanghai United Investment (Lianying) Group and the national Chinese Academy of Science network still hold a majority control of UIH:

UIH's Top 5 Shareholders in August of 2022

Shanghai United Investment (Lianying) Group	20.33%
Shanghai Lianhe	16.38%
Shanghai Ying Shen	7.30%
Zhongke Daofu	5.68%
Shanghai Bei Yuan	3.95%
Top 5 Total	53.64%

- In 2014, **President Xi Jinping visited the high profiled company**, accompanied by the Party Committee Secretary of Shanghai, and the Mayor of Shanghai. Subsequently, UIH continued to be frequently visited by high-level officials of the central, provincial, and city governments.
- Lastly, UIH is a world-class global medical imaging equipment company working for the betterment of global healthcare industry. The company’s aim is to help with treating patients suffering from internal illnesses, while saving lives globally.

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