medlive.cn

# Medlive Technology Co., Ltd.
# 醫脈通科技有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2192

# GLOBAL OFFERING

Joint Sponsors

Goldman Sachs

海通國際 HAITONG

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Goldman Sachs

海通國際 HAITONG

CICC 中金公司

# IMPORTANT

*If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.*

# Medlive Technology Co., Ltd.
# 醫脈通科技有限公司

*(Incorporated in the Cayman Islands with limited liability)*

## GLOBAL OFFERING

| | | |
|---|---|---|
| **Number of Offer Shares under the Global Offering** | : | **155,096,000 Shares (subject to the Over-allotment Option)** |
| **Number of Hong Kong Public Offer Shares** | : | **15,510,000 Shares (subject to adjustment)** |
| **Number of International Offer Shares** | : | **139,586,000 Shares (subject to adjustment and the Over-allotment Option)** |
| **Maximum Offer Price** | : | **HK$27.20 per Offer 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** | : | **US$0.00001 per Share** |
| **Stock code** | : | **2192** |

**Joint Sponsors**

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

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 "Documents Delivered to the Registrar of Companies and Available for Inspection — 1. Documents Delivered to the Registrar of Companies" in Appendix V 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 of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company on or about Wednesday, July 7, 2021 and, in any event, not later than Thursday, July 8, 2021. The Offer Price will be not more than HK$27.20 per Offer Share and is currently expected to be not less than HK$24.10 per Offer Share. If, for any reason, the Offer Price is not agreed by Thursday, July 8, 2021 (Hong Kong time) among the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

**The Joint Representatives may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative 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, an announcement will be published on the website of our Company at *http://ir.medlive.cn* and on the website of the Stock Exchange at *www.hkexnews.hk* not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering.**

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure subscribers for, the Hong Kong Public Offer Shares, are subject to termination by the Joint Representatives if certain events shall occur prior to 8:00 a.m. on Thursday, July 15, 2021 (Hong Kong time). Such grounds are set out in the section headed "Underwriting — Underwriting Arrangements — Hong Kong Public Offering — Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. 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 (as defined in Regulation S) except in transactions exempt from, or not subject to the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold (i) solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with 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 website of the Stock Exchange at *www.hkexnews.hk* and our website at *http://ir.medlive.cn*. If you require a printed copy of this prospectus, you may download and print from the website addresses above.**

June 30, 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 *http://ir.medlive.cn*. 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 Public Offer Shares, you may:

(1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at ***www.hkeipo.hk/IPOApp*** or ***www.tricorglobal.com/IPOApp***) or at ***www.hkeipo.hk***; or

(2) apply through the **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 Public 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 Public Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar, Tricor Investor Services Limited, at +852 3907-7333 on the following dates:

**Wednesday, June 30, 2021 — 9:00 a.m. to 9:00 p.m.**
**Friday, July 2, 2021 — 9:00 a.m. to 9:00 p.m.**
**Monday, July 5, 2021 — 9:00 a.m. to 9:00 p.m.**
**Tuesday, July 6, 2021 — 9:00 a.m. to 9:00 p.m.**
**Wednesday, July 7, 2021 — 9:00 a.m. to 12:00 noon**

We will not provide any physical channels to accept any application for the Hong Kong Public Offer Shares by the public. The contents of the electronic version of this 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.

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 the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus for further details of the procedures through which you can apply for the Hong Kong Public Offer Shares electronically.

Your application through the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 500 Hong Kong Public 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.

| No. of Hong Kong Public Offer Shares applied for | Amount payable on application HK$ | No. of Hong Kong Public Offer Shares applied for | Amount payable on application HK$ | No. of Hong Kong Public Offer Shares applied for | Amount payable on application HK$ | No. of Hong Kong Public Offer Shares applied for | Amount payable on application HK$ |
|---|---|---|---|---|---|---|---|
| 500 | 13,737.05 | 8,000 | 219,792.76 | 70,000 | 1,923,186.61 | 1,000,000 | 27,474,094.40 |
| 1,000 | 27,474.09 | 9,000 | 247,266.85 | 80,000 | 2,197,927.55 | 2,000,000 | 54,948,188.80 |
| 1,500 | 41,211.14 | 10,000 | 274,740.94 | 90,000 | 2,472,668.50 | 3,000,000 | 82,422,283.20 |
| 2,000 | 54,948.19 | 15,000 | 412,111.42 | 100,000 | 2,747,409.44 | 4,000,000 | 109,896,377.60 |
| 2,500 | 68,685.24 | 20,000 | 549,481.89 | 200,000 | 5,494,818.88 | 5,000,000 | 137,370,472.00 |
| 3,000 | 82,422.28 | 25,000 | 686,852.36 | 300,000 | 8,242,228.32 | 6,000,000 | 164,844,566.40 |
| 3,500 | 96,159.33 | 30,000 | 824,222.83 | 400,000 | 10,989,637.76 | 7,000,000 | 192,318,660.80 |
| 4,000 | 109,896.38 | 35,000 | 961,593.30 | 500,000 | 13,737,047.20 | 7,755,000(1) | 213,061,602.07 |
| 4,500 | 123,633.42 | 40,000 | 1,098,963.78 | 600,000 | 16,484,456.64 | | |
| 5,000 | 137,370.47 | 45,000 | 1,236,334.25 | 700,000 | 19,231,866.08 | | |
| 6,000 | 164,844.57 | 50,000 | 1,373,704.72 | 800,000 | 21,979,275.52 | | |
| 7,000 | 192,318.66 | 60,000 | 1,648,445.66 | 900,000 | 24,726,684.96 | | |

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

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

# EXPECTED TIMETABLE[1]

Hong Kong Public Offering commences . . . . . 9:00 a.m. on Wednesday, June 30, 2021

Latest time for completing electronic applications under the **HK eIPO White Form** service through one of the below ways:[2]

(1) the **IPO App**, which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at ***www.hkeipo.hk/IPOApp*** or ***www.tricorglobal.com/IPOApp***

(2) the designated website at ***www.hkeipo.hk*** . . . . . 11:30 a.m. on Wednesday, July 7, 2021

Application lists open[3]. . . . . 11:45 a.m. on Wednesday, July 7, 2021

Latest time for (a) completing payment for the **HK eIPO White Form** applications by effecting Internet banking transfer(s) or PPS payment transfer(s) and (b) **giving electronic application instructions** to HKSCC[4]. . . . . 12:00 noon on Wednesday, July 7, 2021

Application lists close[3]. . . . . 12:00 noon on Wednesday, July 7, 2021

Expected Price Determination Date[5] . . . . . Wednesday, July 7, 2021

Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offer Shares to be published on the website of the Stock Exchange at ***www.hkexnews.hk*** and on the website of our Company at ***http://ir.medlive.cn***[6] on or before[10] . . . . . Wednesday, July 14, 2021

Results of allocations in the Hong Kong Public Offering (with 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 Public Offer Shares — D. Publication of Results" in this prospectus . . . . . Wednesday, July 14, 2021

Results of allocations in the Hong Kong Public Offering will be available at the "IPO Results" function in the **IPO App** or at ***www.hkeipo.hk/IPOResult*** (or ***www.tricor.com.hk/ipo/result***) with a "search by ID" function from . . . . . Wednesday, July 14, 2021

Dispatch/collection of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[7][9]. . . . . Wednesday, July 14, 2021

Dispatch/collection of refund cheques and **HK eIPO White Form** e-Auto Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[8][9] . . . . . Wednesday, July 14, 2021

Dealings in the Shares on the Stock Exchange expected to commence. . . . . at 9:00 a.m. on Thursday, July 15, 2021

*Notes:*

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

(2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the **IPO App** or the designated website at ***www.hkeipo.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 **IPO App** or the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, July 7, 2021, the application lists will not open or close on that day. See "How to Apply for Hong Kong Public Offer Shares — C. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" in this prospectus.

(4) Applicants who apply for Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed "How to Apply for Hong Kong Public Offer Shares — A. Applications for Hong Kong Public Offer Shares — 6. Applying through the **CCASS EIPO** Service" in this prospectus.

(5) The Price Determination Date is expected to be on or around Wednesday, July 7, 2021 and, in any event, not later than Thursday, July 8, 2021. If, for any reason, the Offer Price is not agreed between the Joint Representatives (for themselves and on behalf of the Underwriters) and us by Thursday, July 8, 2021, 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) Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting — Underwriting Arrangements — Hong Kong Public Offering — Grounds for Termination" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

(8) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number provided by the applicant(s) may be printed on the refund cheque, 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 before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number may invalidate or delay encashment of the refund cheque. Further information is set out in the section headed "How to apply for Hong Kong Public Offer Shares" in this prospectus. Applicants who apply through the **HK eIPO White Form** service and paid their applications monies through a single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Auto Refund payment instructions. Applicants who apply through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **HK eIPO White Form** Services Provider, in the form of refund cheques, by ordinary post at their own risk.

(9) Applicants who have applied through the **HK eIPO White Form** service for 1,000,000 or more Hong Kong Public Offer Shares may collect any refund cheques and/or Share certificates in person from our Company's Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, July 14, 2021 or such other date as notified by our Company on the website of our Company at ***http://ir.medlive.cn*** and on the website of the Stock Exchange at ***www.hkexnews.com*** as the date of dispatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques. Applicants being individuals who is eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Public Offer Shares through the **CCASS EIPO** service should refer to the section headed "How to Apply for Hong Kong Public Offer Shares — G. Despatch/Collection of Share Certificates and Refund Monies — Personal Collection — (ii) If you apply through the CCASS EIPO service" in this prospectus for details.

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

Applicants who have applied for less than 1,000,000 Hong Kong Public Offer Shares and any uncollected Share certificates and/or refund cheques will be dispatched 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 Public Offer Shares — F. Refund of Application Monies" and "How to Apply for Hong Kong Public Offer Shares — G. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

**The above expected timetable is a summary only. You should refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Public Offer Shares" in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Public Offer Shares.**

# CONTENTS

**IMPORTANT NOTICE TO INVESTORS**

***This prospectus is issued by Medlive Technology Co., Ltd. solely in connection with the Hong Kong Public Offering and the Hong Kong Public Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Public 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 invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. 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.***

***You should rely only on the information contained in this prospectus 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 Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering.***

*Page*


**Expected Timetable** . . . . . i

**Contents** . . . . . v

**Summary** . . . . . 1

**Definitions** . . . . . 35

**Glossary** . . . . . 48

**Forward-looking Statements** . . . . . 52

**Risk Factors** . . . . . 54

**Waivers and Exemptions from Strict Compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance** . . . . . 121

**Information about this Prospectus and the Global Offering** . . . . . 133

**Directors and Parties Involved in the Global Offering** . . . . . 138

**Corporate Information** . . . . . 142

**Industry Overview** . . . . . 145

**Regulatory Overview** . . . . . 168

**History, Reorganization and Corporate Structure** . . . . . 193

**Contractual Arrangements** . . . . . 205

**Business** . . . . . 230

**Relationship with our Controlling Shareholders** . . . . . 321

**Continuing Connected Transactions** . . . . . 333

**Directors and Senior Management** . . . . . 350

**Substantial Shareholders** . . . . . 364

**Cornerstone Investors** . . . . . 367

**Share Capital** . . . . . 377

**Financial Information** . . . . . 380

**Future Plans and Use of Proceeds** . . . . . 435

**Underwriting** . . . . . 447

**Structure of the Global Offering** . . . . . 462

**How to Apply for Hong Kong Public Offer Shares** . . . . . 476

**Appendix I — Accountants' Report** . . . . . I-1

**Appendix II** — **Unaudited Pro Forma Financial Information** . . . . . II-1

**Appendix III** — **Summary of the Constitution of Our Company and Cayman Companies Act** . . . . . III-1

**Appendix IV** — **Statutory and General Information** . . . . . IV-1

**Appendix V** — **Documents Delivered to the Registrar of Companies and Available for Inspection** . . . . . V-1

***This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by and should be read in conjunction with, the full text of this prospectus. You should read the whole document before you decide 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 forth in "Risk Factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.***

## OVERVIEW

We are the largest online professional physician platform in China in terms of registered physician users as of December 31, 2020, according to the Frost & Sullivan Report. We have focused on using technology to support physicians' clinical decision making for over 20 years. Our self-developed *Medlive* (醫脈通) platform is widely recognized by physicians in China as the most popular professional medical platform, which enables us to become the platform of choice in precision digital healthcare marketing for pharmaceutical and medical device companies in China. As of December 31, 2020, our *Medlive* platform, available through our website, desktop application and mobile application, had approximately 3.5 million registered users, around 2.4 million of whom were licensed physicians, representing approximately 58% of all licensed physicians in China as of the same date, according to the Frost & Sullivan Report. In the fourth quarter of 2020, the average MAUs on our platform exceeded 1.0 million. In the same period, the average monthly views of articles and videos by registered users on our platform were over 134 million. Articles and videos on our platform include, among others, clinical guides and guidelines, research articles, drug references, clinical developments, as well as customized content.

Leveraging our large number of physician users and their high level of engagement, our *Medlive* platform allows platform participants to gather, learn and connect. Our platform participants include physicians, pharmaceutical and medical device companies and patients. We extensively leverage our proprietary technology, content generation capabilities and our understanding of medical information science to provide different services and solutions to each group of platform participants. The diagram below provides an overview of our *Medlive* platform and our solutions for different platform participants:

Our platform participants benefit from the powerful network effects of our platform. Physicians play an essential role in the value chain of healthcare market and are the key decision makers in prescribing healthcare products. As more physicians join our platform, they are able to share knowledge with, and seek support from, a larger number of professional peers. Other platform participants, such as pharmaceutical and medical device companies who are the suppliers of healthcare products, and patients who are the end-users of the healthcare products, are attracted to our platform due to our high quality and growing physician user base.

- **Solutions for Pharmaceutical and Medical Device Companies**. We primarily provide digital healthcare marketing services to pharmaceutical and medical device companies. We ranked first among physician platform-based digital healthcare marketing service providers in China in terms of revenue in 2020, with a 21.4% market share, according to the Frost & Sullivan Report. We also offer a highly scalable digital platform with user analytics to help pharmaceutical and medical device companies improve their efficiency and effectiveness in product development and commercialization. We generate revenue primarily from fees paid by our healthcare customers for our digital detailing, digital marketing consulting and digital content creation services.

  We provide patient recruitment service for clinical trials that allows pharmaceutical and medical device companies to quickly meet planned enrollment targets. We offer RWS support solutions that enable pharmaceutical and medical device companies to collect and analyze the clinical effects of their products in the real-world environment. We generate revenue primarily from fees paid by our healthcare customers for patient recruitment service, RWS support solutions and related application software development service.

- **Solutions for Physicians**. Our platform provides a setting for physicians to learn about and discuss the latest research, products and technologies available in the healthcare market and clinical best practices. Our platform offerings are underpinned by the professional medical knowledge content curated by our own content team, which included 62 full-time medical experts and 30 full-time digital marketing content designers as of the Latest Practicable Date. For example, our *Clinical Guides* (臨床指南) solution aggregates the latest clinical references and our *Clinical Drug Reference* (用藥參考) solution offers comprehensive information on prescription drugs, providing efficient clinical decision-making support to physicians at their fingertips. As of the Latest Practicable Date, our platform offered over 12,000 clinical guides published by medical authorities in China and overseas, prescribing information for over 30,000 prescription drugs and over 100,000 guides on drug interactions and incompatibility. Our platform is now well-recognized as the authoritative source for medical information

in China. We generate revenue primarily from annual membership fees charged for our *Clinical Guides* (臨床指南), *Reference Aid for Medicine* (醫學文獻王), *Clinical Drug Reference* (用藥參考) and *Medical Dictionary* (全醫藥學大詞典) solutions.

- **Solutions for Patients**. We launched our Internet hospital in 2021, which represents a major step forward in the application of our intelligent patient management solutions, which entail comprehensive chronic disease management services. Patients can conveniently receive medical advice and prescriptions from physicians who participate in our Internet hospital. We also offer AI-enabled, automated patient management services through our Internet hospital to educate patients about their conditions and treatment regimens, provide patients with customized chronic disease management suggestions and keep track of their medication-taking and refills. Such services are designed to increase patient adherence to prescribed medication regimens, thereby improving the effectiveness of treatments. We started to generate revenue from commissions on fees paid by patients for online consultation services and prescription services on our Internet hospital in 2021. We also generate revenue from fees paid by non-profit organizations with medical focus and pharmaceutical companies for provision of patient education services to patients and non-profit organizations using our AI technology and medical knowledge graph.

- **Solutions for Hospitals**. Hospitals need technology solutions to improve the efficiency of clinical trials. We offer hospitals with electronic data capture ("**EDC**") system for intelligent and automated data collection and management. 156 hospitals used our EDC solutions in 2020. We generate revenue primarily from fees paid by hospitals for EDC solutions.

Our comprehensive solution offerings also allow us to serve other stakeholders of the healthcare industry, such as medical researchers, non-profit organizations, CROs and medical associations. Because of our strong brand recognition in the medical community, we are well-positioned to attract even more participants, such as insurance companies, to our platform.

We delivered strong financial performance during the Track Record Period from operating our professional physician platform. Our revenue increased from RMB83.5 million in 2018 to RMB121.6 million in 2019 and further increased to RMB213.5 million in 2020, at a CAGR of 59.9% from 2018 to 2020. Our net profit increased from RMB14.2 million in 2018 to RMB31.3 million in 2019 and further increased to RMB85.2 million in 2020, at a CAGR of 145.0% from 2018 to 2020. We started to generate revenue from operating Internet hospital in 2021.

Our revenue from pharmaceutical and medical device companies increased from RMB58.8 million in 2018 to RMB90.5 million in 2019 and further increased to RMB158.6 million in 2020, accounting for 70.5%, 74.4% and 74.3% of our total revenue for the respective years. The significant increase in revenue from pharmaceutical and medical device companies during the Track Record Period was primarily attributable to continued expansion of our healthcare customer base and increasing number of healthcare products marketed using our precision marketing and corporate solutions. Revenue from other customers increased from RMB24.7 million in 2018 to RMB31.1 million in 2019 and further increased to RMB54.9 million in 2020, accounting for 29.5%, 25.6% and 25.7% of our total revenues for the respective years.

In 2018, 2019 and 2020, the aggregate revenue from our top five customers, all of which are multi-national healthcare or pharmaceutical companies, was RMB34.4 million, RMB48.3 million and RMB84.7 million, respectively, accounting for 41.2%, 39.7% and 39.7% of our total revenue for the respective years. In 2018, 2019 and 2020, purchases from our five largest suppliers in aggregate were RMB8.7 million, RMB8.7 million and RMB17.0 million, respectively, accounting for 31.9%, 23.3%, and 28.7% of our total purchases for the respective years. Our five largest suppliers include M3 Group, Jinye Tiansheng, as well as providers of information technology services, telecommunication services, product procurement services and property rental services.

## OUR MONETIZATION MODEL

We realize monetization by offering different solutions to address various needs of our platform participants. Our solutions are divided into three solution categories, namely, precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions. We derive most of our revenue from precision marketing solutions, which offer digital healthcare marketing services to pharmaceutical and medical device companies. Set forth below is a summary of our monetization model by solution category:

### Precision Marketing and Corporate Solutions

Our precision marketing and corporate solutions consist of precision marketing solutions to healthcare customers and corporate solutions to healthcare customers, hospitals, research institutions and CROs.

#### *Precision Marketing Solutions*

The revenue model of our precision marketing solutions is primarily performance-based marketing services. Revenue from precision marketing solutions is derived from fees paid by pharmaceutical and medical device companies for digital detailing, digital marketing consulting and digital content creation services. Digital detailing, which delivers customized content to

targeted physicians through multiple channels on our platform in an interactive way, accounts for most of the revenue from precision marketing solutions. We charge pharmaceutical and medical device companies for digital detailing primarily on a cost-per-click basis.

We generate revenue from pharmaceutical and medical device companies by leveraging our large physician user base, which has helped us develop insights into the background, behaviors and preferences of physicians utilizing AI and big data technologies. Benefiting from our large database and data insights accumulated through years of interactions with physicians, we are able to accurately deliver customized content sponsored by pharmaceutical and medical device companies to specific groups of physicians cost-efficiently. Such user analytics makes us the platform of choice in precision digital healthcare marketing for pharmaceutical and medical device companies in China.

Our precision marketing solutions create value for pharmaceutical and medical device companies. Our precision digital detailing is ten times more efficient than the traditional in-person detailing by medical representatives in terms of cost per detailing, according to the Frost & Sullivan Report. Moreover, we can deliver customized content through multiple channels to a large number of our physician users instantly across the country based on their reading preferences and interests and cover areas that could not be effectively addressed through in-person interaction. We offer a broad range of content types to pharmaceutical and medical device companies, which include introductory guide to specific diseases and treatment, explanatory note to clinical guides and other medical literature, clinical case reports, expert opinions, reference related to mechanism of drug action and chemical characteristics, in both text and multimedia formats to drive user engagement. We transform medical topics and key medical information provided by our customers into bespoke, engaging medical script based on physicians' feedbacks and level of expertise collected from our pre-marketing surveys, and develop creative presentation using the content type and format that can best present such script. We collaborate with KOLs of the medical community to make the customized content more persuasive. Following marketing campaigns, we enable our customers to gauge the effectiveness of our marketing efforts through objective statistical reports. See "Business — Platform Participants — Pharmaceutical and Medical Device Companies."

The attractiveness of our platform to pharmaceutical and medical device companies and the growth of our business are in part driven by the engagement of our physician users. A continued increase in the engagement of our physician users will lead to increase in the potential clicks from physician users on customized content. We attract and retain physician users and drive their engagement by offering high quality medical knowledge content, which is non-sponsored, editorial content, to satisfy physicians' needs for continuing medical education and clinical decision support. Most of our medical knowledge content is free of charge so we can cultivate and maintain a large physician user base. We will continue to grow our physician network and drive user engagement to capture more marketing spending by pharmaceutical and medical device companies.

***Corporate Solutions***

The revenue model of our corporate solutions is primarily software as a service ("**SaaS**"). Revenue from corporate solutions is primarily derived from fees paid by our healthcare customers, hospitals, research institutions and CROs, as applicable, for our digital market research, EDC and CDMS solutions, RWS support solutions, as well as patient recruitment service. Our EDC and CDMS solutions, as well as RWS support solutions are offered using SaaS model and we charge our customers periodic software licensing fees based on the duration of each project.

Our ability to generate revenue from offering SaaS services stems from our deep understanding of the industry and its needs for digitalization as well as our data technology. Our EDC system is a data management tool for clinical trials that automates key tasks in clinical research. Our system incorporates various universal coding and diagnostic standards to enable electronic exchange and gathering of clinical results across different systems. Our CDMS is designed to collect and manage disease-specific clinical data generated in clinical practice, and can build disease-specific database using customized data set. We also capitalize on our large physician user base to generate revenue by offering other corporate solutions. We invite our physician users to participate in surveys and RWS and to recommend suitable patients to enroll in clinical trials sponsored by pharmaceutical and medical device companies and charge fees for such services. Our RWS support solutions utilize our EDC system to collect, manage and process real-world clinical data and to conduct statistical analysis. Through analyzing patients' use of the drugs being studied and the effects in the real world after such drugs are launched and comparing these findings with the clinical data under optimal conditions, our solutions help customers identify potential benefits and risks of the drugs and help improve the drugs' safety and effectiveness. We help pharmaceutical and medical device companies as well as CROs conduct patient recruitment for clinical trials. Once we are engaged to provide service for a clinical trial, we reach out to our physician users of the relevant specialty and rely on them to efficiently reach target patients and quickly meet planned enrollment targets. In selecting physicians, we take into account their locations and prioritize physicians located in close proximity to the clinical trial site to increase the chances of finding patients close to the site. See "Business — Our Solutions — Precision Marketing and Corporate Solutions."

We have established a dedicated research organization, Medical Information Science Research Unit, to develop a deep understanding of new drugs and medical devices, as well as the application of technologies. We will grow the market share of our SaaS services by improving the quality and efficiency of our existing solutions and expanding the scope of our solution offerings. We will continue to cultivate our physician network to generate more revenue from and grow the market share of our other corporate solutions.

The flowchart set forth below illustrates our product and service flows and fund flows among our customers, us and certain of our suppliers, as well as content flows for our precision marketing and corporate solutions.

*Notes:*

(1) Our content team collaborates with KOLs who are our content contributors in developing our content. Their expert views and opinions supplement our in-house content development capabilities. We engage content production service providers, such as video production service companies and media content designers, to provide scalability to facilitate the growth of our business.

(2) Customized content is sponsored by pharmaceutical and medical device companies. Our content team works with pharmaceutical and medical device companies to develop customized content. See "Business — Content on Our Platform — Customized Content."

Pharmaceutical and medical device companies typically sell their healthcare products through distributors to hospitals and pharmacies in China. Physicians are the key decision makers in prescribing healthcare products to patients who rely on physicians' prescriptions to purchase healthcare products. Our precision marketing and corporate solutions do not entail distributing or delivering healthcare products to hospitals, pharmacies or patients. Instead, we communicate to physicians information about various aspects of the healthcare products offered by our healthcare customers, which enable physicians to make informed prescription decisions.

We primarily market our precision marketing and corporate solutions to pharmaceutical and medical device companies through our sales force. We have an experienced and highly trained team of professional business development representatives and support staff focused on securing business from both new and existing customers. In addition to pharmaceutical companies, our clinical research solutions are primarily marketed to hospitals. We market our solutions through multiple channels on our platform to physicians and their hospitals.

The terms and arrangements of our services vary based on the type and nature of the services requested by our customers. Our framework services agreements for precision marketing solutions and digital market research with pharmaceutical and medical device companies typically have a term of up to one year. Pricing varies based on the type and nature of services provided. Our pricing terms for digital detailing service depend on the delivery channels and are primarily determined on a cost-per-click basis. A healthcare customer can purchase a set amount of clicks based on the framework services agreement, and we may agree to guarantee a minimum number of clicks. We may also agree to guarantee a minimum number of targeted physicians that we will deliver customized content to. For streaming services, we may agree to waive service fee for a particular session, if the number of valid viewers (streaming more than certain amount of time) of such session does not reach the minimum number. During the Track Record Period and up to the Latest Practicable Date, we were able to satisfy our healthcare customers' needs in terms of guaranteed minimum number of targeted physicians reached and clicks, as well as minimum number of valid viewers that we agreed with our healthcare customers. Service fees for a particular marketing consulting project are determined based on the team size and time spent for the project. Our service fees for digital content creation vary based on the complexity of the customized content, which in turn depends on the specific product and customer's requests. Our service fee for *eSurvey* is primarily based on the number of physicians covered by a survey and the complexity of the questionnaire. We may agree to a minimum number of surveys collected.

**Medical Knowledge Solutions**

The revenue model of our medical knowledge solutions is primarily a membership model. We charge users annual membership fees for certain of our medical knowledge solution products, namely, *Clinical Guides* (臨床指南), *Reference Aid for Medicine* (醫學文獻王), *Clinical Drug Reference* (用藥參考) and *Medical Dictionary* (全醫藥學大詞典) solutions. Membership fee of one product entitles a paying user to paid access for that product only.

We offer a vast medical content library, which provides physicians and other healthcare professionals with a wealth of professional medical information wherever and whenever they need it to satisfy their needs for continuing medical education and clinical decision support. We use a

freemium model to acquire paying users. Most of our medical knowledge content is free of charge, and users pay annual membership fees or per-download fees to access premium content, such as the latest clinical guides and information about new drugs.

We will grow our paying users by enhancing the quality and breadth of medical knowledge content available on our platform, particularly premium content, and providing more value-added services, such as disease knowledge database and comprehensive clinical decision support tools.

The flowchart set forth below illustrates our product and service flows and fund flows among our customers, us and certain of our suppliers, as well as content flows for our medical knowledge solutions.

*Notes:*

(1) During the Track Record Period, we did not pay any consideration to KOLs who are content contributors in developing our medical knowledge content.

(2) Our medical knowledge content contains professional medical information, which is non-sponsored, editorial content. Our medical knowledge content primarily includes content prepared by our own content team and content we obtain from third-party professional sources. See "Business — Content on Our Platform — Medical Knowledge Content."

Our scale and compelling value proposition have enabled us to attract large numbers of physicians and other healthcare professionals to our platform through word-of-mouth referrals. As of December 31, 2020, our *Medlive* platform had approximately 3.5 million registered users,

around 2.4 million of whom were licensed physicians. The average MAUs on our platform were 743 thousand, 856 thousand and 908 thousand in 2018, 2019 and 2020, respectively. We also market our platform through popular search engines.

**Intelligent Patient Management Solutions**

We monetize our services through charging fees for developing web pages and patient education content for non-profit organizations with medical focus and pharmaceutical companies during the Track Record Period. We started to generate revenue from commissions on fees paid by patients for online consultation services and prescription services on our Internet hospital in 2021. We have not charged fees for other Internet hospital-based services, such as patient management services.

We will continue to develop our Internet hospital and explore new ways to monetize our Internet hospital-based patient management services. Our physician users help us invite targeted patients to join our Internet hospital platform. We provide patient management services on the platform to help them manage and monitor their specific conditions and treatment regimens and improve their treatment outcomes. As our patient user base grows, we may decide to charge patients fees for using our patient management services. In addition, prescription services of our Internet hospital further enhance the value of our platform to pharmaceutical and medical device companies and may offer us additional opportunities to collaborate with such companies in the future.

The flowchart set forth below illustrates our product and service flows and fund flows among our customers, us and certain of our suppliers, as well as content flows for our intelligent patient management solutions.

*Note:*

(1) Such content is published by our customers and does not constitute content on our platform.

Our Internet hospital is integrated with our patient management services. Benefiting from our large physician user base, we are able to rely on our registered physician users to invite targeted patients to join our platform. Our patient management tools to physicians are combined with our clinical decision support services, which empower physicians to effectively and accurately provide online consultation and efficiently follow up with their patients after initial consultations. Our patient-facing module tracks patients' treatment regimen details. Enabled by AI technologies, the patient interface sends medication reminders and customized chronic disease management suggestions, which are designed to help educate patients about their conditions and treatment regimens and improve their quality of life.

In addition to integrated patient management services provided through our Internet hospital, we collaborate with non-profit organizations in offering our condition-specific patient education services. Patients can access our services and tools through our partner non-profit organizations' WeChat official accounts or websites to learn about their conditions and treatment regimens. Leveraging our expertise in information technology, we help partner non-profit organizations develop websites, WeChat mini-programs and WeChat official accounts to develop and deliver patient education content. We receive service fees from our partner organizations for web pages and content developed.

We take into account a variety of factors in determining our pricing strategies, such as market demand, anticipated market trends and the prices of our competitors' products. We believe our pricing strategies are in line with the market trends. During the Track Record Period, we did not have any material loss-making projects on an individual or aggregate basis.

We are committed to complying with data privacy laws and protecting the security of user data. We collect and store data when providing our solutions with prior consent from our users and other platform participants in accordance with applicable laws and regulations. See "Business — Data Protection and Privacy."

**OUR INDUSTRY**

China's healthcare marketing market is intensely competitive. There is a large number of participants in this market, including (i) in-house sales force of pharmaceutical and medical device companies, (ii) traditional healthcare marketing players and (iii) digital healthcare marketing services providers.

In-house sales force of pharmaceutical and medical device companies accounted for 89.3% of China's healthcare marketing market as measured by total spending of RMB679.7 billion by pharmaceutical and medical device companies on healthcare marketing in 2020. There are estimated to be over 10,000 pharmaceutical and medical device companies in China. All large

pharmaceutical and medical device companies use both in-house sales force and external marketing service providers to market their products. According to the Frost & Sullivan Report, the estimated spending on in-house sales force by multinational pharmaceutical and medical device companies in China ranged from RMB2 billion to RMB8 billion in 2020.

Traditional healthcare marketing players accounted for 8.5% of China's healthcare marketing market as measured by total spending by pharmaceutical and medical device companies on healthcare marketing in 2020. There are estimated to be over 500 traditional healthcare marketing players in China's healthcare marketing market. As traditional healthcare market is relatively small and the market is fragmented, even large traditional healthcare marketing players represent a small fraction of the overall healthcare marketing market in China.

Digital healthcare marketing services providers accounted for the remaining 2.2% of China's healthcare marketing market as measured by total spending by pharmaceutical and medical device companies on healthcare marketing in 2020. Digital healthcare marketing is an emerging market, and there are estimated to be over 200 participants focusing on different aspects of the market with various business models. As digital healthcare marketing market is relatively small and the market is fragmented, even large players in this market represent a small fraction of the overall healthcare marketing market in China.

There are estimated to be over ten physician platform-based digital healthcare marketing service providers in China, including us, and we ranked first in terms of revenue in 2020 and generated revenue of RMB204 million from healthcare marketing in 2020, representing a market share of 0.03% in China's healthcare marketing market. Our market share is not directly comparable to the spending on in-house sales force by multinational pharmaceutical and medical device companies or some of the large traditional healthcare marketing players as we focus on digital healthcare marketing only, and the traditional healthcare marketing players focus on in-person or other non-electronic means to conduct their business. Despite digital healthcare marketing represents only a small portion of the overall healthcare marketing spending, with technological advances and policy changes, pharmaceutical and medical device companies in China are expected to increasingly adopt digital marketing, particularly precision digital marketing as a substitute for in-person visits by medical representatives, driving higher penetration. See "Industry Overview — Digital Healthcare Marketing."

Digital platforms are key players in the digital services market for pharmaceutical and medical device companies due to their strong technological capabilities and networks of market stakeholders. Among different types of digital platforms, pharmaceutical and medical device companies are more willing to cooperate with professional physician platforms due to their ability to deliver customized content to target physicians, which they develop through offering medical information services to physicians.

Digital healthcare marketing services include digital promotion, marketing consulting and analytics, as well as technology services. According to the Frost & Sullivan Report, China's digital healthcare marketing market increased from RMB4.4 billion in 2018 to RMB15.2 billion in 2020, at a CAGR of 85.8%, and is expected to reach RMB111.0 billion in 2025, at a CAGR of 48.8%. The digital healthcare marketing market accounted for 0.8% and 2.2% of the total healthcare marketing market in China in 2018 and 2020, respectively, and is expected to further increase to 11.2% in 2025.

Digital medical information services address physicians' demand for the latest medical information and clinical decision support at the point of care. According to the Frost & Sullivan Report, the digital medical information market in China increased from RMB23.6 million in 2018 to RMB114.2 million in 2020, at a CAGR of 120.1%, and is expected to reach RMB3.0 billion in 2025, at a CAGR of 92.7%.

Chronic disease management in China is still at its early stage compared with developed markets. The digital chronic disease management market in China, a sub-market of chronic disease management market, increased from RMB77.9 billion in 2018 to RMB139.7 billion in 2020, at a CAGR of 33.9%, and is expected to reach RMB507.1 billion in 2025, at a CAGR of 29.4%. As a percentage of the chronic disease management market in China, the digital chronic disease management market increased from 2.0% in 2018 to 2.5% in 2020, and is expected to further increase to 5.2% in 2025.

## RESEARCH AND DEVELOPMENT

Our research and development efforts primarily focus on improving the user-friendliness of our existing solutions, designing new solutions for our users, and optimizing and enhancing our technological infrastructure. Our talented research and development team and robust technological infrastructure enable us to continuously introduce new innovations and offer high quality user experience. As of the Latest Practicable Date, our research and development team consisted of 106 members, including research scientists at our Medical Information Science Research Unit, as well as engineers and specialists of our technology team and product development team.

### Medical Information Science Research Unit

Our strong technological capabilities underpin the rapid growth of our business. We have established our Medical Information Science Research Unit, our research organization dedicated to developing a deep understanding of the new drugs and medical devices, as well as the application of technologies, such as AI, big data and natural language processing, to our solution offerings, and designing and developing solution offerings to best provide for the needs of the pharmaceutical and medical device companies.

Our Medical Information Science Research Unit is headed by Mr. Tian Lixin, our president, with Mr. Tian Lijun, our chief technology officer, and Mr. Jiang Nan, our medical director, as deputy heads. Research conducted by our Medical Information Science Research Unit includes work in the field of medical ontology, studying medical data collection standards, such as CDASH maintained by the CDISC and its application, as well as building our medical knowledge graph. Research scientists at our Medical Information Science Research Unit also study and apply new technologies, including standard medical taxonomies and language systems, such as SNOMED CT, MESH, UMLS, ICD, ATC, ICH-MedDRA and LOINC, and implement knowledge graph in the medical field. In addition, our Medical Information Science Research Unit also develops and optimizes machine leaning and applications, including by using deep learning and natural language processing algorithms.

Systematized Nomenclature of Medicine — Clinical Terms, or SNOMED CT, is a universal, multilingual clinical healthcare terminology, which encompasses a vast amount of human and non-human concepts, providing codes, terms, synonyms and definitions used in clinical documentation and reporting. We leverage the concepts and structure of SNOMED CT to build our knowledge graph.

Medical Subject Headings, or MESH, is a comprehensive controlled vocabulary for indexing journal articles and books and is primarily used in medical information research. We applied MESH in our *Reference Aid for Medicine* (醫學文獻王). MESH terms can be used to search medical literature in major databases, such as PubMed.

The Unified Medical Language System, or the UMLS, is a set of files and software that integrates many health and biomedical vocabularies and standards to enable interoperability between computer systems. We use UMLS to build our *Disease Knowledge Database* (醫知源), which facilitates the translation of knowledge information using different terminology systems and the consolidation thereof.

International Statistical Classification of Diseases and Related Health Problems, or ICD, is the international standard for health data, clinical documentation, and statistical aggregation and a coding system for all clinical and research purposes. We use the tenth version of ICD (ICD-10) to code dialogistic results of patients using our Internet hospital, which not only satisfies the regulatory requirements on record-keeping but also accumulates clinical data for our clinical decision support tools.

Anatomical Therapeutic Chemical, or ATC, is an international drug classification system that classifies the active ingredients of drugs according to the organ or system on which they act and their therapeutic, pharmacological and chemical properties. We apply ATC to classify drugs supported by our *Clinical Drug Reference* (用藥參考).

Medical Dictionary for Regulatory Activities, or ICH-MedDRA, is an international medical terminology used by regulatory authorities and the healthcare industry during the regulatory process, both before and after a product has been authorized for sale. ICH-MedDRA is designed to classify a wide range of types of adverse events. We apply ICH-MedDRA in the adverse events module of our EDC system to standardize the recording of adverse events.

Logical Observation Identifiers Names and Codes, or LOINC, is a universal code system and standard for health measurements, observations, and documents, which is designed to assist in the electronic exchange and gathering of clinical results. We embed LOINC terminology in the laboratory testing module of our EDC system, which can be used to generate standardized case report form.

**OUR STRENGTHS**

We believe the following strengths contribute to our success and differentiate us from our competitors:

- largest online professional physician platform with strong user engagement;
- partner of choice for pharmaceutical and medical device companies in precision digital healthcare marketing services;
- strong ability to develop innovative products and services addressing the needs of our users and customers, as evidenced by a rich product portfolio;
- vast content library with strong content generation capability;
- advanced proprietary technology underpinned by our deep insight and understanding of the healthcare industry and medical information science; and
- visionary management team supported by deep talent pool and continuous strategic cooperation with M3.

**OUR STRATEGIES**

To achieve our mission and further solidify our market leadership, we intend to pursue the following strategies:

- continue to increase physician penetration and engagement by enhancing our medical knowledge solutions and enriching the information and content on our platform;

- continue to build our technological platform and expand its applications;
- expand our customer network and strengthen relationships with existing customers;
- continue to expand our service offerings, including patient care offerings with digital health management tools, and clinical research solutions; and
- explore strategic partnerships, investments and acquisitions.

**RISK FACTORS**

Our business and the Global Offering involve certain risks, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to invest in Offer Shares. Some of the major challenges we face are relating to:

- our ability to monetize our *Medlive* platform;
- our ability to maintain or enhance users' trust in our platform;
- our ability to keep up with rapid changes in technologies and adapt our platform to changing user requirements or emerging industry standards;
- our ability to continue to provide current, relevant and reliable medical knowledge information;
- the fact that we may be held liable for information displayed on, retrieved from or linked to our platform or created by us;
- the fact that our high customer concentration exposes us to risks faced by our major customers and may subject us to significant fluctuations or declines in revenues;
- our ability to compete effectively;
- the fact that some of business lines have a limited operating history;
- the fact that we are subject to extensive and evolving regulatory requirements; and
- the fact that we have granted and will continue to grant share incentives, which will result in share-based compensation expenses and negatively impact our results of operations.

## CONTRACTUAL ARRANGEMENTS

Our Company operates or intends to operate certain businesses that are subject to restrictions and/or prohibitions under current PRC laws and regulations. In order to comply with such laws and regulations, while availing ourselves of international capital markets and maintaining effective control over all of our operations, we control our Consolidated Affiliated Entities through the Contractual Arrangements entered into on March 8, 2021. Hence, we do not directly own any equity interest in our Consolidated Affiliated Entities. Pursuant to the Contractual Arrangements, we have effective control over and are entitled to receive all the economic benefits generated by the businesses currently operated by the Consolidated Affiliated Entities. For further details, please see section headed "Contractual Arrangements" in this document.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group as stipulated under the Contractual Arrangements:

*Notes:*

(1) The Registered Shareholders are Ms. Tian Liping and Dr. Li Zhuolin (李卓霖), who holds 50% and 50% of the equity interests in Yimaihutong, respectively.

(2) The Exclusive Operations Service Agreement, Exclusive Option Agreement, Loan Agreements, Shareholders' Rights Entrustment Agreement, Equity Pledge Agreement and Spouse Undertakings together form the legal relationship under the Contractual Arrangements.

Yimaihutong operates our *Medlive* website and desktop and mobile applications. The provision of medical knowledge solutions on our *Medlive* website and desktop and mobile applications involves the provision by Yimaihutong of medical information and content for fees (including membership fees) and therefore is subject to restrictions under PRC regulations relating to value-added telecommunication. The provision of digital market research services through *eSurvey* is subject to restrictions under PRC regulations relating to foreign-related market investigation business. In addition, we plan to engage in the production of online medical radio and video programs. Such operation is subject to prohibitions under PRC regulations relating to radio and television program production business. Furthermore, we operate Internet hospital through Yinchuan Yimaitong, which provides online consultation and prescription services through its own platform in cooperation with a qualified hospital in Ningxia Autonomous Region. Such operation is subject to restrictions under PRC regulations relating to Internet hospital services. As advised by our PRC Legal Adviser, the aforementioned businesses are considered to involve businesses that are subject to foreign investment restrictions and/or prohibitions under the relevant PRC laws and regulations.

## OUR CONTROLLING SHAREHOLDER

Immediately following completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Schemes), our Group will have two groups of Controlling Shareholders, being: (i) the group comprising Ms. Tian Liping, Mr. Tian Lixin, Mr. Tian Lijun and Tiantian; and (ii) M3, each of which will continue to own and control approximately 38.8% and 38.8% of the issued share capital of our Company, respectively. For further details, please see section headed "Relationship with Our Controlling Shareholders" in this document.

## CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute non-exempt continuing connected transactions and partially exempt continuing connected transactions under Chapter 14A of the Listing Rules after the Listing. Further particulars about such transactions together with the application for a waiver from strict compliance with the relevant requirements under Chapter 14A of the Listing Rules are set out in the section headed "Continuing Connected Transactions" of this prospectus.

## SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this prospectus. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with HKFRSs.

### Summary of Financial Results

The following table sets forth a summary of our consolidated results of operations with line items in absolute amounts and as percentages of our revenues for the periods indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | 2019 | | 2020 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | (in thousands, except percentages) | | | | | |
| **Revenue** | **83,463** | **100.0** | **121,569** | **100.0** | **213,529** | **100.0** |
| Cost of sales | (33,573) | (40.2) | (44,379) | (36.5) | (57,293) | (26.8) |
| Gross profit | 49,890 | 59.8 | 77,190 | 63.5 | 156,236 | 73.2 |
| Other income and gains | 99 | 0.1 | 96 | 0.1 | 1,543 | 0.7 |
| Selling and distribution expenses | (7,080) | (8.5) | (8,588) | (7.1) | (20,037) | (9.4) |
| Administrative expenses | (26,375) | (31.6) | (31,391) | (25.8) | (32,640) | (15.3) |
| Other expenses | (75) | (0.1) | (13) | — | (45) | — |
| Finance costs | (439) | (0.5) | (296) | (0.2) | (209) | (0.1) |
| **Profit before tax** | **16,020** | **19.2** | **36,998** | **30.4** | **104,848** | **49.1** |
| Income tax expense | (1,831) | (2.2) | (5,728) | (4.7) | (19,651) | (9.2) |
| **Profit for the year** | **14,189** | **17.0** | **31,270** | **25.7** | **85,197** | **39.9** |

Our revenue increased significantly during the Track Record Period, primarily due to the revenue increase from our precision marketing solutions. The increase in revenue from precision marketing solutions was primarily due to continued expansion of our healthcare customer base, and increased number of healthcare products marketed using our precision marketing and corporate solutions, resulting from our growing user base and increased user engagement. The high quality and breadth of content available on our platform attracted additional physicians to our platform and increased the level of user engagement during the Track Record Period, which in turn increased the attractiveness of our platform to pharmaceutical and medical device companies. In addition, we benefited from a secular shift in prescription drug marketing, as volume-based purchasing and increasing market competition have nudged pharmaceutical and medical device companies to seek digitalized and cost-effective marketing tools, such as our precision marketing solutions, which allow them to reach the target physicians at the right time.

Our profits also increased significantly during the Track Record Period, primarily due to our significant revenue increase and margin expansion for each of our solution categories.

**Summary of Consolidated Statements of Financial Position**

The following table sets forth our consolidated statements of financial position as of the dates indicated:

| | As of December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | (in thousands of RMB) | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4,167 | 4,649 | 2,617 |
| Right-of-use assets | 6,850 | 4,526 | 12,571 |
| Deferred tax assets | 2,445 | 3,591 | 3,509 |
| **Total non-current assets** | **13,462** | **12,766** | **18,697** |
| **Current assets** | | | |
| Trade receivables | 26,024 | 35,643 | 42,480 |
| Contract assets | 11,133 | 23,282 | 15,761 |
| Prepayments, other receivables and other assets | 2,799 | 3,225 | 3,026 |
| Cash and cash equivalents | 16,530 | 38,883 | 147,095 |
| Total current assets | 56,486 | 101,033 | 208,362 |
| **Current liabilities** | | | |
| Trade payables | 2,454 | 2,634 | 6,265 |
| Other payables and accruals | 23,663 | 32,422 | 45,231 |
| Lease liabilities | 3,036 | 3,016 | 2,591 |
| Tax payable | 1,186 | 6,919 | 9,991 |
| Total current liabilities | 30,339 | 44,991 | 64,078 |
| **Net current assets** | **26,147** | **56,042** | **144,284** |
| **Total assets less current liabilities** | **39,609** | **68,808** | **162,981** |
| **Non-current liabilities** | | | |
| Lease liabilities | 4,334 | 1,786 | 9,484 |
| Deferred tax liabilities | 317 | 790 | 2,083 |
| Total non-current liabilities | 4,651 | 2,576 | 11,567 |
| **Net assets** | **34,958** | **66,232** | **151,414** |
| **Equity** | | | |
| Share capital | 33 | 33 | 33 |
| Reserves | 34,925 | 66,199 | 151,381 |
| **Total equity** | **34,958** | **66,232** | **151,414** |

As of December 31, 2018 and 2019 and 2020 and April 30, 2021, we had net current assets of RMB26.1 million, RMB56.0 million, RMB144.3 million and RMB161.4 million, respectively. Our net current assets position as of each of these dates was primarily attributable to our large balance of cash and cash equivalents, trade receivables and contract assets, partially offset by our other payables and accruals, tax payable, lease liabilities, and trade payables. The increase in our net current assets as of each of these dates was primarily due to the significant growth of our business.

Our total equity increased from RMB35.0 million as of December 31, 2018 to RMB66.2 million as of December 31, 2019, and further increased to RMB151.4 million as of December 31, 2020, primarily due to the increase in our profit in the Track Record Period. See page I-7 of the Accountants' Report included in Appendix I to this prospectus.

**Summary of Consolidated Statements of Cash Flows**

The following table sets forth a summary of our consolidated statements of cash flows for the periods indicated:

| | As of December 31, | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | (in thousands of RMB) | | |
| Cash generated from operations | 23,765 | 28,871 | 126,252 |
| Income tax paid | (1,674) | (668) | (15,204) |
| Net cash flows from operating activities | 22,091 | 28,203 | 111,048 |
| Net cash flows (used in)/from investing activities | (3,101) | (2,426) | 13 |
| Net cash flows used in financing activities | (5,846) | (3,428) | (2,834) |
| Net increase in cash and cash equivalents | 13,144 | 22,349 | 108,227 |
| Cash and cash equivalents at beginning of year | 3,372 | 16,530 | 38,883 |
| Effect of foreign exchange rate changes, net | 14 | 4 | (15) |
| **Cash and cash equivalents at end of year** | **16,530** | **38,883** | **147,095** |

## ADDITIONAL FINANCIAL INFORMATION

The following table sets forth our revenue breakdown by solution category for the periods indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | 2019 | | 2020 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | (in thousands, except percentages) | | | | | |
| **Revenue:** | | | | | | |
| Precision marketing and corporate solutions: | | | | | | |
| Precision marketing solutions | 53,137 | 63.7 | 78,317 | 64.4 | 156,781 | 73.4 |
| Corporate solutions | 24,923 | 29.8 | 32,823 | 27.0 | 35,045 | 16.4 |
| Medical knowledge solutions | 1,349 | 1.6 | 5,311 | 4.4 | 9,113 | 4.3 |
| Intelligent patient management solutions | 4,054 | 4.9 | 5,118 | 4.2 | 12,590 | 5.9 |
| **Total** | **83,463** | **100.0** | **121,569** | **100.0** | **213,529** | **100.0** |

The following table sets forth a breakdown of our cost of sales by nature both in absolute amounts and as percentages of our revenues for the periods indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | 2019 | | 2020 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | (in thousands, except percentages) | | | | | |
| **Cost of sales:** | | | | | | |
| Employee benefit expenses | 20,006 | 24.0 | 22,943 | 18.9 | 22,997 | 10.8 |
| Content development cost | 7,284 | 8.7 | 13,373 | 11.0 | 23,935 | 11.2 |
| Technology service fee | 5,065 | 6.1 | 6,244 | 5.1 | 9,153 | 4.3 |
| Others | 1,218 | 1.5 | 1,819 | 1.5 | 1,208 | 0.6 |
| **Total** | **33,573** | **40.2** | **44,379** | **36.5** | **57,293** | **26.8** |

Our cost of sales consists of (i) employee benefit expenses relating to salaries and benefits for employees involved in operating our platform and developing content, (ii) content development cost primarily relating to fees paid to content contributors and service fees paid to content production service providers, (iii) technology service fees relating to cloud content delivery

network and telecommunication services as well as licensing fees relating to MR-kun and external medical literature database and (iv) other expenses primarily relating to consulting fees, equipment rental expenses, travel and transportation expenses.

Our employee benefit expenses as a percentage of our revenue decreased during the Track Record Period, primarily due to improved efficiency of our workforce and effectiveness of our platform infrastructure. Decrease in such percentage in 2020 was also attributable to relocation of a portion of our workforce to lower-tier cities, which resulted in a decrease in average salary. Our content development cost as a percentage of our revenue increased from 2018 to 2019, as we outsourced more content development to meet the increased demand from our customers. Such percentage remained relatively stable in 2020 compared to 2019. Outsourced content development provides scalability to facilitate the growth of our business. However, we generally incur higher costs for outsourced content development, as compared to in-house content development, due to the markups charged by external content production service providers in addition to their costs. We also incur content development cost relating to fees paid to content contributors for expert views and opinions, which supplement our in-house content development capabilities.

The cost of sales relating to precision marketing solutions primarily consists of (i) employee benefit expenses primarily relating to salaries and benefits for employees involved in developing customized content, (ii) content development cost relating to fees paid to content contributors and service fees paid to content production service providers for developing customized content, and (iii) technology service fee relating to cloud content delivery network and telecommunication services incurred primarily for the purpose of delivering customized content to physicians as well as licensing fee relating to MR-kun. The cost of sales relating to corporate solutions primarily consists of (i) employee benefit expenses primarily relating to salaries and benefits for employees involved in developing and maintaining operating system for our SaaS services, and (ii) content development cost primarily relating to fees paid to survey participants in connection with developing digital market research content. The cost of sales relating to medical knowledge solutions primarily consists of (i) employee benefit expenses primarily relating to salaries and benefits for employees involved in developing medical knowledge content, (ii) content development cost relating to service fees paid to content production service providers for developing medical knowledge content, and (iii) technology service fee relating to cloud content delivery network and telecommunication services as well as licensing fee relating to external medical literature database. The cost of sales relating to intelligent patient management solutions primarily consists of (i) employee benefit expenses primarily relating to salaries and benefits for employees involved in developing web modules for our customers and developing patient education content, and (ii) content development cost relating to service fees paid to content production service providers for developing patient education content.

The following table sets forth our gross profit and gross margin by solution category for the periods indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | 2019 | | 2020 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | (in thousands, except percentages) | | | | | |
| **Gross profit and gross margin:** | | | | | | |
| Precision marketing and corporate solutions: | | | | | | |
| Precision marketing solutions | 35,539 | 66.9 | 54,126 | 69.1 | 120,806 | 77.1 |
| Corporate solutions | 14,164 | 56.8 | 18,236 | 55.6 | 20,360 | 58.1 |
| Medical knowledge solutions | 61 | 4.5 | 2,792 | 52.6 | 6,881 | 75.5 |
| Intelligent patient management solutions | 126 | 3.1 | 2,036 | 39.8 | 8,189 | 65.0 |
| **Total** | **49,890** | **59.8** | **77,190** | **63.5** | **156,236** | **73.2** |

Our gross margin improved during the Track Record Period due to margin expansion for each of our solution categories.

Gross margins for precision marketing solutions increased during the Track Record Period, primarily due to our increased economies of scale and a higher level of user engagement. We achieved increased economies of scale during the Track Record Period. As more physicians join our platform and their engagement increases, our entire platform benefits from better data insights and stronger network effects, which allow for faster, more accurate and more cost-efficient delivery of our solutions. This, in turn, attracts more pharmaceutical and medical device companies. Such increased effectiveness of our platform infrastructure coupled with better efficiency of our workforce contributed to our improved operating leverage. In addition, we were able to drive user engagement during the Track Record Period through our continued efforts to enhance the quality and breadth of professional medical information on our platform. Furthermore, our growing physician user base enables physicians on our platform to share knowledge with, and seek support from, a larger number of professional peers, which further increased the level of user engagement on our platform during the Track Record Period. The increase in gross margin for precision marketing solutions in 2020 was also attributable to relocation of a portion of our workforce to lower-tier cities, which resulted in a decrease in average salary.

Gross margins for corporate solutions remained relatively stable in the Track Record Period.

Gross margins for medical knowledge solutions improved during the Track Record Period due to increases in revenues resulting from increased paying users and decreases in cost of sales as our platform achieved greater scale. Our improved service offerings, including up-to-date, personalized medical information, attracted more physicians to our platform and incentivized more physicians to pay for our medical information during the Track Record Period. The increase in gross margin for our medical knowledge solutions in 2020 was also attributable to a decrease in the costs for developing and managing our mobile applications and content related to medical knowledge solutions, as we completed major upgrades of our medical knowledge content in 2019. Gross margin for our medical knowledge solutions increased in 2019, as cost of sales for such solutions increased at a lower rate than revenue as a result of the rapid expansion of our paying users, as well as our greater scale.

Gross margins for intelligent patient management solutions improved during the Track Record Period due to our increased economies of scale. We achieved increased economies of scale during the Track Record Period. As more physicians join our platform and their engagement increases, our entire platform benefits from better data insights and stronger network effects, which allow for faster, more accurate and more cost-efficient delivery of our solutions. This, in turn, attracts more patients to our platform. Gross margin for our intelligent patient management solutions increased in 2020 due to improved operating leverage on higher revenue driven by increased economies of scale. Our revenue increased in 2020 compared to 2019, as our customers purchased more of our solutions to develop patient education content. Benefiting from our patient education system, we were able to develop content for more diseases and provide enhanced patient education modules (including streaming module that has better margin) in a more cost-efficient manner. Gross margin for our intelligent patient management solutions increased in 2019 due to higher revenue and decreased cost of sales as a result of reduced employee benefit expenses. We incurred more employee benefit expenses for developing a patient education system in 2018 to drive the growth of our intelligent patient management solutions, which expenses decreased in 2019. Our revenue increased in 2019 compared to 2018, as our customers purchased more of our solutions to develop patient education content. Benefiting from our patient education system, we were able to develop content for more diseases and provide patient education modules in a more cost-efficient manner.

The following tables set forth our key financial ratios/metrics for the periods indicated:

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| **Profitability** | | | |
| Total revenue growth (%) | — | 45.7 | 75.6 |
| Gross margin[1] (%) | 59.8 | 63.5 | 73.2 |
| Net margin[2] (%) | 17.0 | 25.7 | 39.9 |

| | As of December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| **Liquidity** | | | |
| Current ratio[3] | 1.9 | 2.2 | 3.3 |
| Quick ratio[4] | 1.9 | 2.2 | 3.3 |

*Notes:*

(1) Gross margin is calculated by dividing gross profit by our revenue.

(2) Net margin is calculated by dividing net profit by our revenue.

(3) Current ratio is calculated by dividing current assets by current liabilities.

(4) Quick ratio is calculated by dividing current assets less inventories by current liabilities.

## CERTAIN OPERATING DATA

The following tables present certain of our operating data as of the dates and for the periods indicated:

| | As of December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| Number of registered users *(in millions)* | 2.5 | 3.0 | 3.5 |
| Number of registered physician users *(in millions)* | 2.0 | 2.2 | 2.4 |

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| **Precision Marketing and Corporate Solutions:** | | | |
| Number of healthcare customers[1] | 42 | 61 | 81 |
| Number of healthcare products[2] | 99 | 144 | 191 |
| Engaged targeted physicians *(in thousands)* | 228.3 | 295.2 | 403.2 |
| Paid clicks *(in millions)* | 1.6 | 2.7 | 4.8 |
| **Medical Knowledge Solutions:** | | | |
| Paying users *(in thousands)* | 14.1 | 88.0 | 159.3 |

*Notes:*

(1) Represents the number of healthcare customers who used our precision marketing and corporate solutions during the period.

(2) Represents the number of healthcare products that were marketed using our precision marketing and corporate solutions during the period.

The high quality and breadth of content available on our platform continues to attract additional physicians to our platform and increase the level of user engagement. As a result, our number of registered users, number of registered physician users and paying users increased during the Track Record Period. Due to our growing physician user base and increased user engagement, more pharmaceutical and medical device companies are attracted to our platform, resulting in more healthcare customers and healthcare products using our precision marketing and corporate solutions during the Track Record Period. We deliver customized content to engaged targeted physicians and primarily generate revenue from paid clicks. During the Track Record Period, the number of engaged targeted physicians and paid clicks increased due to continued expansion of our healthcare customer base and increased number of healthcare products using our solutions.

## APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares that may be issued under the Over-allotment Option and any Shares which may be issued upon the exercise of options granted or to be granted under the Share Option Schemes).

## GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises of:

(a) the Hong Kong Public Offering of initially 15,510,000 Offer Shares (subject to adjustment) in Hong Kong as described below in the section headed "Structure of the Global Offering — The Hong Kong Public Offering"; and

(b) the International Offering of initially 139,586,000 Offer Shares (subject to adjustment and the Over-allotment Option) outside the United States in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or other available exemption from the registration requirements of the U.S. Securities Act.

Investors may apply for Hong Kong Public Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest in International Offering Shares under the International Offering, but may not do both.

## RECENT DEVELOPMENT

On March 29, 2021, we implemented the Share Subdivision whereby each existing issued and unissued ordinary share with par value of US$0.01 in the authorized share capital of the Company was subdivided into 1,000 ordinary shares with par value of US$0.00001 each and the authorized share capital of the Company was altered to US$500,000 divided into 50,000,000,000 shares with par value of US$0.00001 each. The total number of issued shares in the Company increased from 535,080 shares to 535,080,000 Shares.

Our profit in 2021 will be negatively impacted by (i) an increase in administrative expenses resulting from the expected listing expenses of RMB25.3 million; (ii) an increase in employee benefit expenses resulting from expected share-based compensation expenses; and (iii) withholding tax amount of RMB7.1 million to be accounted for in our financial statements for the year ending December 31, 2021, which relates to the special interim dividend of RMB92 million declared on June 18, 2021. Unless we are able to achieve sufficient growth to offset such negative impact, we would experience a decline in profit in 2021 as compared to 2020.

We adopted the Pre-IPO Share Option Scheme on March 29, 2021, pursuant to which Pre-IPO Share Options to purchase a total of 26,754,000 Shares have been granted to 62 Grantees on April 2, 2021. As a result, we will incur share-based compensation expenses, which will negatively impact our results of operations.

As of April 30, 2021, we had net current assets of RMB161.4 million. As of the same date, we did not have any bank borrowings. In addition, RMB39.5 million, or 91.8%, of our trade receivables before deduction of loss allowance as of December 31, 2020 had been settled as of April 30, 2021. RMB8.2 million, or 52.3%, of our contract assets as of December 31, 2020 had been settled as of April 30, 2021. RMB1.1 million, or 17.6% of our trade payables as of December 31, 2020 had been settled as of April 30, 2021.

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2020, which is the end date of the periods reported on in the Accountants' Report included in Appendix I to this prospectus, and there is no event since December 31, 2020 that would materially affect the information as set out in the Accountants' Report included in Appendix I to this prospectus.

**Impact of COVID-19 on our Operations**

We primarily generate revenues from our online professional physician platform. As most of our solutions are delivered through our platform, we have not experienced significant difficulties or failed to discharge obligations under our existing contracts due to disruptions related to the outbreak of COVID-19. We also have not experienced material disruptions in services from our service providers due to COVID-19. As a result, COVID-19 has not caused material adverse impact on our results of operations, financial condition or our development plans.

In response to intensifying efforts to contain the spread of COVID-19, the Chinese government took a number of actions, which included compulsory quarantine arrangements, travel restrictions, remote work arrangements and public activities restrictions, among others, during the COVID-19 outbreak. COVID-19 also resulted in temporary closure of many corporate offices and other types of workplaces across China. Our headquarters in Beijing were closed for a period of three weeks in February 2020 as a result of the outbreak during which only a small number of our staff, primarily in the customer service department, were on duty in our headquarters in Beijing, while the remaining staff worked remotely. After the closure, our staff in Beijing began to return to work in office and we resumed full operations in March 2020. In addition, due to the travel restrictions and social distancing measures imposed, some of our in-person communications, such as consulting and content development meetings with our healthcare customers, were affected during the COVID-19 outbreak. We took a series of measures in response to the outbreak, including, among others, temporary closure of our offices, remote working arrangements for our employees to ensure the smooth operations of our platform during the COVID-19 outbreak, travel restrictions or suspension and facilitating the vaccination of our employees. Our Group has also adopted hygiene and preventive measures in response to the outbreak of COVID-19 and has set up a pandemic prevention group to coordinate the implementation of pandemic prevention measures. We sanitise our office premises on a daily basis to ensure hygiene and safety for our employees. To monitor the health condition of our employees, we take the body temperature of our staff when they arrive at our offices and required our staff based in Beijing to show their status on Beijing Jian Kang Bao (北京健康寶), a mobile phone program implemented by the Beijing government to track if a person had visited any COVID-19 high-risk area. Employees who display symptoms of respiratory system diseases are required to report to the pandemic prevention group directly as well as the nearest hospital. We implement mandatory hand sanitisation for employees and visitors upon entry to our premises, and provide personal protective items such as surgical masks and sanitisers to our employees. We encourage our staff to reduce face-to-face meetings and visits with our customers and suppliers and instead conduct communication through telephone calls, emails and other communication platforms. We also advise them to avoid going to crowded places and maintain social distancing to avoid transmission of COVID-19, and recommend them to maintain good hygiene practices. We believe such measures are effective in reducing the risk of spreading of COVID-19 among our employees. There have been no confirmed cases of COVID-19 among

our employees. We also have business continuity and pandemic plans in place to avoid any material disruptions to our daily operations, particularly to reduce any negative impact from business interruptions and maintain our profitability, which include maintain minimal headcount to support our operations by keeping our essential staffs in the office, remote working arrangements for the majority of our workforce so that we are able to continue our provision of services through electronic media and telephone and maintain more than one supplier for product procurement, and we do not currently anticipate significant challenges to our ability to maintain the operations of our platform in light of the measures under such plans.

Although China eased domestic travel restrictions and social distancing measures by the end of June 2020, the spread of COVID-19 pandemic in a significant number of countries around the world has resulted in, and may intensify, global economic distress, and the duration and extent of the impact of COVID-19 outbreak cannot be reasonably estimated at this time. The extent to which it may affect our results of operations and financial condition in the future will depend on the future developments of the outbreak, which are highly uncertain and cannot be predicted.

As of December 31, 2020, we had cash and cash equivalents of approximately RMB147 million. In 2020, we had net cash flows from operating activities of approximately RMB111 million. On June 18, 2021, we declared a conditional special interim dividend of RMB92 million which is expected to be distributed after Listing. We believe our liquidity is sufficient to successfully navigate an extended period of uncertainty.

Taking into account (i) the worst case scenario that our operations and businesses are adversely affected by the COVID-19 outbreak, (ii) the financial resources available to us, including cash and cash equivalents and the portion of the estimated net proceeds from the Global Offering expected to be used for working capital and general corporate purposes, (iii) the conditional special interim dividend of RMB92 million declared on June 18, 2021 which is expected to be distributed after Listing and (iv) the prudent estimates for the settlement of trade receivables and trade payables, we believe we retain substantial ability to manage our business operations and achieve an optimal balance between business expansion and operating efficiency. Accordingly, we believe that we can further utilize our internal resources and net proceeds from the Global Offering designated for general working capital and our operations based on the low-end of the Offer Price, and remain financially viable for more than five years.

According to the Frost & Sullivan Report, the digital marketing spending by pharmaceutical and medical device companies in China, which is our primary revenue source, will continue to increase at a high speed in 2021 as pharmaceutical and medical device companies seek greater efficiency in marketing activities, taking into account any potential impact of COVID-19 outbreak. According to the Frost & Sullivan Report, the COVID-19 outbreak catalyzed and accelerated the digitalization of healthcare services. Digital healthcare marketing, particularly precision digital

healthcare marketing, is more widely recognized by pharmaceutical and medical device companies as a cost-efficient way to conduct healthcare marketing in China, which is expected to cause a fundamental shift to more digital healthcare marketing by pharmaceutical and medical device companies in the future.

## OFFERING STATISTICS

All statistics in the following table are based on the fact that the Share Subdivision of one share into 1,000 Shares has been implemented on March 29, 2021 and the assumptions that (i) the Global Offering has been completed and 155,096,000 Offer Shares are issued pursuant to the Global Offering; and (ii) 690,176,000 Shares are issued and outstanding following the completion of the Global Offering.

| | **Based on an Offering Price of HK$24.10** | **Based on an Offering Price of HK$27.20** |
|---|---|---|
| Market capitalization of our Shares[(1)] . . . | HK$16,633.2 million | HK$18,772.8 million |
| Unaudited pro forma adjusted net tangible asset per Share[(2)] . . . . . | HK$5.39 (RMB4.48) | HK$6.06 (RMB5.04) |

*Notes:*

(1) The calculation of market capitalization is based on 690,176,000 shares expected to be in issue immediately upon completion of the Global Offering.

(2) The unaudited pro forma adjusted net tangible asset per Share as of December 31, 2020 is calculated after making the adjustments referred to in Appendix II and on the basis that 690,176,000 shares are expected to be in issue immediately upon completion of the Global Offering.

(3) On June 18, 2021, we declared a special interim dividend of RMB92 million (the "**Special Dividend**"), which amount is determined with reference to the level of distributable reserves of our Group available for distribution to our Shareholders as of December 31, 2020. The Special Dividend is conditional upon Listing and is payable to all existing Shareholders, Tiantian and M3, in the proportion of 50:50. The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of December 31, 2020 per Share after taking into account of the Special Dividend is HK$5.23 (equivalent to RMB4.35) based on an Offering Price of HK$24.10 or HK$5.90 (equivalent to RMB4.91) based on an Offering Price of HK$27.20 and is determined based on 690,176,000 shares expected to be in issue immediately upon completion of the Global Offering.

For the calculation of unaudited pro forma adjusted net tangible assets per Share attributed to our Shareholders, see the section headed "A. Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets" in Appendix II.

## LISTING EXPENSES

Based on the mid-point Offer Price of HK$25.65, the total estimated listing expenses in relation to the Global Offering (assuming that the Over-Allotment Option is not exercised and all discretionary incentive fees in the Global Offering are paid in full) is approximately RMB172.4 million, representing approximately 5.2% of the gross proceeds of the Global Offering (assuming the Over-allotment Option is not exercised). No listing expense was incurred during the Track Record Period. We estimate that we will incur listing expenses of RMB172.4 million, of which RMB25.3 million will be charged to our consolidated statements of profit or loss for 2021. The balance of approximately RMB147.1 million, which mainly includes underwriting commission, is expected to be accounted for as a deduction from equity upon the completion of the Global Offering.

## FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$3,770.8 million after deducting the underwriting commissions and other estimated expenses paid and payable by us in relation to the Global Offering, assuming an Offer Price of HK$25.65 per Share, being the mid-point of the indicative Offer Price range of HK$24.10 to HK$27.20 per Share, and that the Over-allotment Option is not exercised. We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

- approximately 40% of the net proceeds (approximately HK$1,508.3 million) is intended to be used for business expansion in the next three to five years, including developing and enhancing our solution offerings, expanding our customer base and foster customer loyalty and driving user growth and engagement;

- approximately 30% of the net proceeds (approximately HK$1,131.2 million) is intended to be used to invest in our technology and enhance our research and development capabilities in the next three to five years;

- approximately 20% of the net proceeds (approximately HK$754.2 million) is intended to be used to selectively pursue strategic investments or acquisitions opportunities; and

- approximately 10% of the net proceeds (approximately HK$377.1 million) is intended to be used for the general replenishment of our working capital and for other general corporate purposes.

We plan to allocate HK$7.8 million from the gross proceeds to repay an interest free loan in the amount of US$1.0 million from Tiantian, which is non-trade in nature and becomes due and payable upon our Listing. We used the loan proceeds to pay for certain of our listing expenses payable to our professional service providers located outside of the PRC. As we do not maintain cash outside of the PRC, we paid such expenses with an interest free loan from Tiantian to shorten the payment processing time. None of the costs or expenses relating to our Group's operations or capital expenditures during the Track Record Period and up to the Latest Practicable Date were borne by any related parties or connected persons of our Group or any other third parties without being charged back to our Group.

In the event that the Offer Price is set at the high point or the low point of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK$230.2 million, respectively. Under such circumstances, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the additional net proceeds that we will receive will be approximately HK$571.3 million, assuming an Offer Price of HK$25.65 per Share, being the mid-point of the indicative Offer Price range. We may be required to issue up to an aggregate of 23,264,000 additional Shares pursuant to the Over-allotment Option.

**DIVIDEND POLICY**

We did not declare any dividend to our Shareholders during the Track Record Period. On June 18, 2021 we declared a special interim dividend of RMB92 million, which amount is determined with reference to the level of distributable reserves of our Group available for distribution to our Shareholders as of December 31, 2020. The special interim dividend is conditional upon Listing and is payable to all existing Shareholders, Tiantian and M3, in the proportion of 50:50. A dividend of RMB92 million will first be declared and paid by Jinye Tiancheng to Kingyee HK. The same amount will then be declared and paid by Kingyee HK to our Company and subsequently such same amount will be paid by our Company to Tiantian and M3 as the special interim dividend. The special interim dividend will be paid to Tiantian and M3 before September 30, 2021 and will be funded using the cash and bank balances and cash flows from operating activities of our Company. In connection with the special dividend, our PRC Legal Adviser is of the view that applicable PRC laws and regulations do not prohibit the distribution of distributable profits by our PRC subsidiaries to their shareholders, including offshore shareholders. However, such distribution by our PRC subsidiaries to offshore shareholders will attract withholding tax of 10% of the amount of distribution. Taking into account the special interim dividend amount of RMB92 million, the withholding tax is expected to be RMB9.2 million. We have made provision of an amount of RMB2.1 million for such withholding tax as of December

31, 2020. The remaining withholding tax amount of RMB7.1 million will be accounted for in our financial statements for the year ending December 31, 2021 pursuant to HKAS 12 (Income Taxes) and the withholding tax will have negative impact on our net profit for the year ending December 31, 2021.

We may distribute dividends in the future by way of cash or by other means that we consider appropriate. Under Cayman Islands law, our Company may pay a dividend out of either our profits (realized or unrealized) or amounts standing to the credit of our share premium account, provided that this would not result in our Company being unable to pay our debts as they fall due in the ordinary course of business. A decision to declare and pay any dividends would require the approval of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to shareholders' approval. The Board will review dividend policy from time to time in light of the following factors in determining whether dividends are to be declared and paid: (i) our result of operations, (ii) our cash flows, (iii) our financial condition, (iv) our Shareholders' interests, (v) general business conditions and strategies, (vi) our capital requirements, (vii) the payment by our subsidiaries of cash dividends to us and (viii) other factors the Board may deem relevant.

***In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.***

| | |
|---|---|
| "affiliate(s)" | with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person |
| "Articles" or "Articles of Association" | the Articles of Association of our Company, adopted on June 18, 2021 and with effect from the Listing, a summary of which is set out in Appendix III |
| "Board" or "Board of Directors" | the board of directors of our Company |
| "business day" | any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business |
| "CAGR" | compound annual growth rate |
| "Cayman Companies Act" or "Companies Act" | the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands |
| "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 participant or a general clearing participant |
| "CCASS Custodian Participant" | a person admitted to participate in CCASS as a custodian participant |

| | |
|---|---|
| "**CCASS EIPO**" | the application for the Hong Kong Public 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 through causing 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 Public 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 (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 by completing an input request |
| "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 "the PRC" | the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan |
| "Companies Ordinance" | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented 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 or supplemented from time to time |

| | |
|---|---|
| "Company", "our Company", "we" or "us" | Medlive Technology Co., Ltd. (醫脈通科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability on April 8, 2013, and, except where the context otherwise requires, all of our subsidiaries, or where the context refers to the time before we became the holding company of our present subsidiaries, our present subsidiaries (which include the Consolidated Affiliated Entities) |
| "Consolidated Affiliated Entities" | the entities we control through the Contractual Arrangements, namely Yimaihutong and Yinchuan Yimaitong. For further details of these entities, see the section headed "History, Reorganization and Corporate Structure" in this document |
| "Contractual Arrangements" | the exclusive operation services agreement, the exclusive option agreement, the loan agreements, the shareholders' rights entrustment agreement, the equity pledge agreement and the spouse undertakings as more particularly described in the section headed "Contractual Arrangements" in this prospectus |
| "Controlling Shareholders" | M3, Tiantian, Ms. Tian Liping, Mr. Tian Lixin and Mr. Tian Lijun |
| "CSRC" | China Securities Regulatory Commission (中國證券監督管理委員會) |
| "Director(s)" | the director(s) of our Company |
| "EIT Law" | the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) promulgated by the SCNPC on March 16, 2007 with effect from January 1, 2008, amended on February 24, 2017 and December 29, 2018 |
| "Extreme Conditions" | extreme conditions caused by a super typhoon as announced by the government of Hong Kong |
| "Foreign Investment Law (2015 Draft)" | the PRC Foreign Investment Law (Consultation Draft) (《中華人民共和國外國投資法(草案徵求意見稿)》) published by the MOFCOM in January 2015 |

| | |
|---|---|
| "Foreign Investment Law (2019)" | the PRC Foreign Investment Law (《中華人民共和國外商投資法》) adopted at the Second Session of the Thirteenth National People's Congress of the PRC on March 15, 2019 |
| "Frost & Sullivan" | Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the industry consultant |
| "Global Offering" | the Hong Kong Public Offering and the International Offering |
| "Grantees" | the 62 grantees of the Pre-IPO Share Options |
| "GREEN Application Form(s)" | the application form(s) to be completed by the **HK eIPO White Form** Service Provider designated by the Company |
| "Group", "our Group", "we", "our" or "us" | our Company and our subsidiaries (which include the Consolidated Affiliated Entities, the financial results of which have been consolidated and accounted for as our subsidiaries by virtue of the Contractual Arrangements) or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries (which include the Consolidated Affiliated Entities), the business operated by such subsidiaries or their predecessors (including Jinye Tianxiang, Jinye Tiansheng and Tekeneng Software Technology) (as the case may be) |
| "**HK eIPO White Form**" | the application for Hong Kong Public Offer Shares to be issued in the applicant's own name, submitted through the **IPO App** or the designated website at ***www.hkeipo.hk*** |
| "**HK eIPO White Form** Service Provider" | the **HK eIPO White Form** service provider designated by our Company, as specified in the **IPO App** and on the designated website at ***www.hkeipo.hk*** |
| "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "HKFRS" | Hong Kong Financial Reporting Standards, as issued by the Hong Kong Institute of Certified Public Accountants |
| "HKSCC" | Hong Kong Securities Clearing Company 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 Public Offer Shares" | the 15,510,000 Shares being initially offered for subscription in the Hong Kong Public Offering, subject to reallocation |
| "Hong Kong Public Offering" | the offer of the Hong Kong Public Offer Shares for subscription by the public in Hong Kong |
| "Hong Kong Share Registrar" | Tricor Investor Services Limited |
| "Hong Kong Underwriters" | the underwriters of the Hong Kong Public Offering listed in "Underwriting — Hong Kong Underwriters" |
| "Hong Kong Underwriting Agreement" | the underwriting agreement dated June 29, 2021, relating to the Hong Kong Public Offering and entered into by the Joint Sponsors, the Joint Representatives, the Hong Kong Underwriters, the Controlling Shareholders and our Company |
| "independent third party(ies)" | person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our connected persons as defined under the Listing Rules |
| "International Offer Shares" | the 139,586,000 Shares being initially offered in the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to reallocation |

| | |
|---|---|
| "International Offering" | the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act, as further described in "Structure of the Global Offering" |
| "International Underwriters" | the international underwriters for the International Offering, that are expected to enter into the International Underwriting Agreement to underwrite the International Offering |
| "International Underwriting Agreement" | the international underwriting agreement relating to the International Offering, which is expected to be entered into by the Joint Sponsors, the Joint Representatives, the International Underwriters, the Controlling Shareholders and our Company on or about July 7, 2021 |
| "**IPO App**" | the mobile application for the **HK eIPO White Form** service which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at ***www.hkeipo.hk/IPOApp*** or ***www.tricorglobal.com/IPOApp*** |
| "Jinye Tiancheng" or "WFOE" | Kingyee (Beijing) Co., Ltd. (金葉天成(北京)科技有限公司), a company established in the PRC on August 29, 2013, an indirect wholly-owned subsidiary of our Company |
| "Jinye Tiansheng" | Beijing Jinye Tiansheng Technology Co., Ltd. (北京金葉天盛科技有限公司), a company established in the PRC on August 25, 2006, a predecessor of our Group |
| "Jinye Tianxiang" | Beijing Jinye Tianxiang Technology Co., Ltd. (北京金葉天翔科技有限公司), a company established in the PRC on January 30, 2003, a predecessor of our Group |
| "Joint Bookrunners" | the joint bookrunners as named in the section headed "Directors and Parties Involved in the Global Offering" of this prospectus |

| | |
|---|---|
| "Joint Global Coordinators" | the joint global coordinators as named in the section headed "Directors and Parties Involved in the Global Offering" of this prospectus |
| "Joint Lead Managers" | the joint lead manager as named in the section headed "Directors and Parties Involved in the Global Offering" of this prospectus |
| "Joint Representatives" | Goldman Sachs (Asia) L.L.C. and Haitong International Securities Company Limited |
| "Joint Sponsors" | Goldman Sachs (Asia) L.L.C. and Haitong International Capital Limited |
| "Kingyee HK" | Kingyee (HK) Co., Limited, a company incorporated in Hong Kong on May 3, 2013, a direct wholly-owned subsidiary of our Company |
| "Latest Practicable Date" | June 21, 2021 being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus |
| "Listing" | the listing of the Shares on the Main Board of the Stock Exchange |
| "Listing Date" | the date, expected to be on or about Thursday, July 15, 2021 on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange |
| "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 |
| "M&A Rules" | the Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) |

| | |
|---|---|
| "Maili Technology" | Shijiazhuang Maili Technology Co., Ltd.* (石家莊邁粒科技有限公司), a company established in the PRC on October 30, 2019, an indirect wholly-owned subsidiary of our Company |
| "Memorandum" or "Memorandum of Association" | the Memorandum of Association of our Company, adopted on June 18, 2021 and with effect from the Listing, a summary of which is set out in Appendix III |
| "MOFCOM" | Ministry of Commerce of the People's Republic of China (中華人民共和國商務部) |
| "Mr. Tian Lijun" | Mr. Tian Lijun (田立軍), an executive Director, a vice president of our Group, a deputy head of our Medical Information Science Research Unit and one of our Controlling Shareholders |
| "Mr. Tian Lixin" | Mr. Tian Lixin (田立新), our President, the head of our Medical Information Science Research Unit, an executive Director and one of our Controlling Shareholders |
| "Ms. Tian Liping" | Ms. Tian Liping (田立平), our Chairwoman, our Chief Executive Officer, an executive Director and one of our Controlling Shareholders |
| "M3" | M3, Inc., a stock company incorporated in Japan with limited liability on September 29, 2000, the shares of which are listed on the Tokyo Stock Exchange (Stock Code: 2413.T), and one of our Controlling Shareholders |
| "M3 Group" | M3, together with its subsidiaries, which for the purpose of this prospectus shall exclude our Group |
| "NDRC" | National Development and Reform Commission of the People's Republic of China (中華人民共和國國家發展和改革委員會) |
| "NMPA" | the National Medical Products Administration (國家藥品監督管理局) |

| | |
|---|---|
| "NPC" | National People's Congress of the People's Republic of China (中華人民共和國全國人民代表大會) |
| "Offer Price" | the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) |
| "Offer Shares" | the Hong Kong Public Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option |
| "Over-allotment Option" | the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Representatives (on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 23,264,000 Shares at the Offer Price to cover over-allocations in the International Offering, if any |
| "Post-IPO Share Option Scheme" | the post-IPO share option scheme we conditionally adopted pursuant to a resolution passed by our Shareholders on June 18, 2021, the principal terms of which are set out in the section headed "Statutory and General Information — D. Share Option Schemes — 2. Post-IPO Share Option Scheme" in Appendix IV to this prospectus |
| "PRC Government" or "State" | the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them |
| "PRC Legal Adviser" | Tian Yuan Law Firm |
| "Pre-IPO Share Option Scheme" | the pre-IPO share option scheme we adopted pursuant to a resolution passed by our Shareholders on March 29, 2021, the principal terms of which are set out in the section headed "Statutory and General Information — D. Share Option Schemes — 1. Pre-IPO Share Option Scheme" in Appendix IV to this prospectus |

| | |
|---|---|
| "Pre-IPO Share Options" | the pre-IPO share options to be granted to the Grantees on April 2, 2021 pursuant to the terms and conditions of the Pre-IPO Share Option Scheme, further information on which is set out in the paragraphs under "D. Share Option Schemes — 1. Pre-IPO Share Option Scheme" in Appendix IV to this prospectus |
| "Price Determination Date" | the date, expected to be on or about Wednesday, July 7, 2021, on which the Offer Price will be determined and, in any event, not later than Thursday, July 8, 2021 |
| "QIB" | a qualified institutional buyer within the meaning of Rule 144A |
| "Regulation S" | Regulation S under the U.S. Securities Act |
| "Registered Shareholders" | Ms. Tian Liping and Dr. Li Zhuolin (李卓霖), being the registered shareholders of Yimaihutong |
| "Reorganization" | the reorganization of the Group in preparation for the Listing, details of which are set out in "History, Reorganization and Corporate Structure" |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Rule 144A" | Rule 144A under the U.S. Securities Act |
| "SAFE" | State Administration of Foreign Exchange People's Republic of China (中華人民共和國國家外匯管理局) |
| "SAFE Circular 37" | the "Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles" (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) issued by SAFE with effect from July 4, 2014 |
| "SAMR" | State Administration for Market Regulation of the People's Republic of China (中華人民共和國國家市場監督管理總局) |

| | |
|---|---|
| "SAT" | State Administration of Taxation of the People's Republic of China (國家稅務總局) |
| "SAIC" | State Administration of Industry and Commerce of the People's Republic of China (中華人民共和國國家工商行政管理總局), now known as State Administration of Market Regulation (國家市場監督管理總局) |
| "SCNPC" | Standing Committee of the National People's Congress (全國人民代表大會常務委員會) |
| "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 or supplemented from time to time |
| "Shareholder(s)" | holder(s) of Shares |
| "Shares" | ordinary shares in the capital of our Company with nominal value of US$0.00001 each |
| "Share Option Schemes" | the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme |
| "Share Subdivision" | the subdivision of each share in the Company's issued and unissued share capital with par value of US$0.01 each into 1,000 ordinary shares with par value of US$0.00001 each on March 29, 2021, the details of which are set out in "History, Reorganization and Corporate Structure" |
| "Stabilizing Manager" | Goldman Sachs (Asia) L.L.C. |
| "State Council" | State Council of the People's Republic of China (中華人民共和國國務院) |

| | |
|---|---|
| "Stock Borrowing Agreement" | the stock borrowing agreement to be entered into between Tiantian and the Stabilizing Manager (or its affiliates or any person acting for it) pursuant to which the Stabilizing Manager (or its affiliates or any person acting for it) may borrow up to 23,264,000 Shares from Tiantian to facilitate the settlement of over-allocations in the International Offering |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Tekeneng Software Technology" | Beijing Tekeneng Software Technology Co., Ltd. (北京特科能軟件技術有限公司), a company established in the PRC on June 21, 1996, a predecessor of our Group |
| "Tiantian" | Tiantian Co., Limited, a company incorporated in Belize with limited liability on February 18, 2013 and one of our Controlling Shareholders |
| "Track Record Period" | the years ended December 31, 2018, 2019 and 2020 |
| "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 |
| "U.S. Securities Act" | the United States Securities Act of 1933, as amended from time to time |
| "Yimaihutong" | Beijing Yimaihutong Technology Co., Ltd.* (北京醫脈互通科技有限公司), an operating company of our Group established in the PRC on April 18, 2013 and which is controlled by our Group through the Contractual Arrangements |

| | |
|---|---|
| "Yinchuan Yimaitong" | Yinchuan Yimaitong Internet Hospital Co., Ltd.* (銀川醫脈通互聯網醫院有限公司), an operating company of our Group established in the PRC on August 29, 2019 and which is controlled by our Group through the Contractual Arrangements |

*In this prospectus, the terms "associate", "close associate", "connected person", "connected transaction", "core connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

***In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.***

| | |
|---|---|
| "AI" | artificial intelligence |
| "ATC" | Anatomical Therapeutic Chemical, an international drug classification system that classifies the active ingredients of drugs according to the organ or system on which they act and their therapeutic, pharmacological and chemical properties |
| "contract research organization" or "CRO" | a company that provides the initial support services or a wide range of clinical, central laboratory and analytical services to satisfy pharmaceutical and medical device companies' demand for product research and development on a contract basis |
| "CDASH" | Clinical Data Acquisition Standards Harmonization, a set of medical data interchange standards developed and maintained by CDISC |
| "CDISC" | Clinical Data Interchange Standards Consortium, a global non-profit organization dedicated to developing standards for medical research data |
| "CDMS" | a clinical data management system designed for the collection and management of disease-specific clinical data |
| "CTCAE" | Common Terminology Criteria for Adverse Events, a set of criteria developed by the US National Cancer Institute for the standardized classification of adverse effects of drugs used in cancer therapy |
| "customized content" | promotional content created for marketing specific drug or medical device |
| "EDC system" | an electronic data capture system designed for the collection of clinical data in electronic form for use mainly in human clinical trials |

| | |
|---|---|
| "engaged target physicians" | registered physician users who are selected based on healthcare customers' criterion and who click on customized content delivered on behalf of healthcare customers |
| "healthcare customers" | pharmaceutical and medical device companies that are our customers, including those who engage us through intermediaries |
| "ICD" | International Statistical Classification of Diseases and Related Health Problems, the international standard for health data, clinical documentation, and statistical aggregation and a coding system for all clinical and research purposes |
| "ICD10" | International Statistical Classification of Diseases and Related Health Problems 10th Revision |
| "ICH-MedDRA" | Medical Dictionary for Regulatory Activities, an international medical terminology used by regulatory authorities and the healthcare industry during the regulatory process, both before and after a product has been authorized for sale |
| "ISO" | an acronym for a series of quality management and quality assurance standards published by the International Organization for Standardization, a non-government organization based in Geneva, Switzerland, for assessing the quality systems of business organizations |
| "knowledge graph" | a knowledge base that uses a graph-structured data model to store and organize information |
| "KOL" | key opinion leaders |
| "LOINC" | Logical Observation Identifiers Names and Codes, a universal code system and standard for health measurements, observations and documents |

| | |
|---|---|
| "MAUs" | number of unique registered users that accessed our platform in a given month. "average MAUs" for a particular period is the average of the MAUs in each month during that period |
| "MESH" | Medical Subject Headings, a comprehensive controlled vocabulary for indexing journal articles and books and is primarily used in medical information research |
| "natural language processing" | a subfield of linguistics, computer science, information engineering, and artificial intelligence concerned with the interactions between computers and human (natural) languages, in particular how to program computers to process, understand and analyze large amounts of natural language data |
| "paid clicks" | clicks by engaged targeted physicians on customized content that generate fees for us from healthcare customers |
| "paying users" | registered users who pay periodic membership fees for our products in a given period |
| "PGC" | professionally-generated content |
| "real-world studies" or "RWS" | studies investigating health interventions whose design does not follow the design of a randomized controlled trial and aims to reflect health intervention effectiveness in routine clinical practice |
| "registered physician users" | registered users who have provided information regarding their qualification as a licensed physician (執業醫師) or a licensed assistant physician (執業(助理)醫師) during our physician authentication process, which can be verified by us through government database; licensed physicians have prescriptive authority, which allows them to write prescriptions independently; licensed assistant physicians must write prescriptions under the supervision of a licensed physician |

| | |
|---|---|
| "registered users" | users who have registered accounts on our platform as of a given time; a registered user is not necessarily a unique user, as an individual may register multiple accounts on our platform, and consequently, the number of registered users we present in this prospectus may not equal the number of unique users who have registered on our platform as of a given time |
| "SNOMED CT" | Systematized Nomenclature of Medicine — Clinical Terms, a universal, multilingual clinical healthcare terminology, which encompasses a vast amount of human and non-human concepts, providing codes, terms, synonyms and definitions used in clinical documentation and reporting |
| "UGC" | user-generated content |
| "UMLS" | Unified Medical Language System, a set of files and software that integrates many health and biomedical vocabularies and standards to enable interoperability between computer systems |

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 the 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:

- our operations and business prospects;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business and operating strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment, operating conditions and general outlook in the industry and geographical markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our financial condition and performance;
- our ability to develop and manage our operations and business;
- our ability to successfully implement our business plans and strategies;
- our ability to control costs and expenses;
- our ability to identify and satisfy user demands and preferences;
- our ability to maintain good relationships with business partners;

- our capital expenditure plans;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors;
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends; and
- all other risks and uncertainties described in "Risk Factors".

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 the Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

***Investing in our Shares involves risks. Before deciding to invest in the Shares, you should carefully consider all of the information in this prospectus, including the following risk factors, in light of the circumstances and your own investment objectives. The occurrence of any of the following events could materially adversely affect our business, financial condition and results of operations, in which case the trading price of our Shares could also decline, and you could lose part or all of your investment. You should pay particular attention to the fact that we are an exempted company incorporated in the Cayman Islands and that our principal operations are conducted in the PRC and are governed by a legal and regulatory environment that may differ significantly from that of other jurisdictions.***

## RISKS RELATING TO OUR BUSINESS AND INDUSTRY

### Failure to monetize our *Medlive* platform may materially and adversely affect our business, financial condition and results of operations.

We cannot guarantee that our monetization strategies or our business initiatives will be successfully implemented or generate sustainable revenues and profit.

*Precision marketing and corporate solutions*

We derive most of our revenue from precision marketing solutions, which offer digital healthcare marketing services to pharmaceutical and medical device companies. As a result, our business is highly dependent on our ability to retain existing and engage new healthcare customers, especially pharmaceutical companies in the prescription drug market. Our ability to continue to retain and attract healthcare customers depends on our ability to create value for participants in the healthcare industry, particularly our ability to provide cost-efficient precision digital marketing means to achieve the desired results and meet the marketing needs of our healthcare customers. We leverage our large physician user base and data to provide precision marketing and corporate solutions, and our revenue from precision marketing is tied directly to our ability to maintain a large and engaged physician user base. If we are unable to retain our existing users and attract new users, especially physician users in specialties of interest to the healthcare companies we serve, to our platform, healthcare customers will be less interested in collaborating with us, which would have material and adverse effect on our business, results of operations, financial condition and prospects.

In addition, our ability to maintain and increase revenues generated from existing healthcare customers and new healthcare customers for our precision marketing and corporate solutions also depends on a variety of factors, including but not limited to:

- demand for and market acceptance of our solutions, or digital promotion in general, by healthcare companies;
- factors relating to healthcare company budget cycles and other factors that may affect the timing of promotional campaigns for specific products or demand for our solutions by our healthcare customers;
- changes in healthcare companies' demand as a result of delays or changes in product approvals, changes in marketing strategies, modifications of healthcare customer budgets and similar matters;
- the length of sales cycles and fulfillment periods of our solutions to healthcare companies;
- the timing of new solution introductions and product enhancements by us; and
- the potential emergence of competing digital platforms, the failure of our solutions, service or tools to meet healthcare customers' expectations or to provide desired results.

Any failure to retain existing healthcare customers or engage new healthcare customers as a result of these or other factors may materially and adversely affect our business, results of operations, financial condition and prospects.

*Medical knowledge solutions*

We adopt a membership model for our medical knowledge solutions and use a freemium model to acquire paying users. Most of our medical knowledge content is free of charge, and users pay annual membership fees or per-download fees to access premium content, such as the latest clinical guides and information about new drugs. Users accessing our platform for free content may stop using the solutions at any time without loss. The paid memberships for some of our products, including *Clinical Guides*, *Clinical Drug Reference*, *Medical Dictionary*, and *Reference Aid for Medicine*, have a subscription term of one year and the members have no obligation to renew their subscriptions when such subscriptions expire. Under certain circumstances, our users may cancel their subscriptions prior to expiration or simply stop using the services before the subscription expires.

Factors that may affect the retention rate of our existing users and the rate at which we attract new users to our platform include:

- our ability to provide up-to-date, relevant and reliable medical knowledge and other services that meet the needs of healthcare professionals, especially physicians, for continuing medical education and clinical decision support. See "— If we are unable to continue to provide current, relevant and reliable medical knowledge information, our results of operations and financial condition may be materially and adversely affected";

- our ability to provide reliable applications and to enhance the functionality, availability, performance and features of our existing and future services to meet the evolving requirements and expectations of our existing and future users;

- the availability, price, performance and functionality of competing products and services, including competing mobile, desktop, Web-based and traditional products and services for medical knowledge information; and

- deterioration of our reputation and brand for any reason, including user concerns with our privacy practices or our relationships with the healthcare industry.

In addition, our paid products compete with free products offered by competitors or those available through online resources and searches which can be accessed through most mobile devices. If we are unable to attract or retain users or if our existing business model fails to maintain market acceptance, we may lose paying users, which will cause a loss of subscription revenue for our medical knowledge solutions.

*Intelligent patient management solutions*

Historically, we monetize our patient education services through charging fees for developing web pages and patient education content for non-profit organizations with medical focus and pharmaceutical companies. We started to generate revenue from commissions on fees paid by patients for online consultation services and prescription services on our Internet hospital in 2021. We have not charged fees for other Internet hospital-based services such as patient management services. Our physician users help us invite targeted patients to join our Internet hospital platform and we provide patient management services on the platform to them. We will continue to develop our Internet hospital and explore new ways to monetize our Internet hospital-based patient management services. For example, as our patient user base grows, we may decide to charge patients fees for using our patient management services. In addition, prescription services of our

Internet hospital further enhance the value of our platform to pharmaceutical and medical device companies and may offer us additional opportunities to collaborate with such companies in the future. We face the following risks relating to monetizing our Internet hospital-based services:

- our business model may fail to attract enough patients to our Internet hospital;
- we may fail to properly price our Internet hospital-based services, or our pricing may not receive sufficient market acceptance or at all;
- we may fail to develop or implement new monetization strategies with respect to our Internet hospital-based services;
- our Internet hospital-based services may not be able to compete effectively with the competing solutions and services introduced by our competitors; and
- we may fail to satisfy the expectations of the quality or reliability of our Internet hospital-based services.

If any of the events above occurs, we may not be able to maintain or increase our revenue or effectively manage any associated costs.

**Our high customer concentration exposes us to risks faced by our major customers and may subject us to significant fluctuations or declines in revenues.**

Our customers primarily include pharmaceutical and medical device companies. A limited number of customers have contributed a significant portion of our revenues in the past. In the years ended December 31, 2018, 2019 and 2020, revenues from our top five customers, all of which are multi-national healthcare or pharmaceutical companies, accounted for 41.2%, 39.7% and 39.7% of our total revenues, respectively. Although we continually seek to diversify our customer base, we cannot assure you that the proportion of the revenue contribution from these customers to our total revenues will decrease in the near future.

Dependence on a limited number of major customers will expose us to the risks of substantial losses if any of them reduces or even ceases business collaborations with us. Specifically, any one of the following events, among others, may cause material fluctuations or declines in our revenues and have a material and adverse effect on our business, financial condition, results of operations and prospects:

- an overall decline in the business of one or more of our major industry customers;

- the decision by one or more of our major customers to switch to our competitors;
- the reduction in the service fees of our solutions agreed by one or more of our major industry customers;
- the failure or inability of any of our major customers to make timely payment for our services;
- non-compliance with laws on the part of any major customers or breach of contract by any major customers vis-à-vis their business partners; or
- unlawful, improper or otherwise inappropriate activities by any major customers that could harm their business, brand and reputation, or subject them to government investigations.

If we fail to maintain relationships with these major customers, and if we are unable to find replacement customers on commercially desirable terms or in a timely manner or at all, our business, financial condition, results of operations and prospects may be materially and adversely affected.

**Any damage to the reputation and recognition of our brand names, or failure to maintain or enhance users' trust in our platform, may materially and adversely affect our business operations and prospects.**

We depend on our reputation and brand names as well users' trust in our platform in many aspects of our business operations. However, we cannot assure you that we will be able to maintain or enhance a positive reputation, brand names, or users' trust for all of our businesses in the future. Our reputation and brand names and users' trust in our platform may be materially and adversely affected by a number of factors, many of which are beyond our control, including:

- adverse associations with the third-party-branded products promoted using our platform, including with respect to their quality, efficacy or side effects;
- lawsuits, regulatory investigations, fines and penalties against us or otherwise relating to the products or services available on our platform;
- adverse publicity and disputes over the content shared on our platform as contributed by our users;

- improper or illegal conduct by our employees, suppliers, healthcare companies we serve, and other participants on our platform; and

- adverse publicity associated with us, our Directors, officers, employees or business partners, the products or services available on our platform or our industry in general, whether founded or unfounded.

Any damage to our brand names or reputation or failure to maintain or enhance users' trust in our platform as a result of these or other factors may cause our products and services to be perceived unfavorably by our users, healthcare companies we serve, and other participants on our platform, and our business operations and prospects could be materially and adversely affected as a result.

**We may be held liable for information displayed on, retrieved from or linked to our platform or created by us, which may adversely affect our business and results of operations.**

Under our medical knowledge solutions, we post and allow our users to post articles and other information on our platform to promote healthcare, disease and recovery care knowledge and instigate users' interests in our offerings. In addition, our intelligent patient management solutions allow users to interact with external physicians that collaborate with us to provide online consultation and diagnosis services. China has enacted laws and regulations governing Internet access and the distribution of products, services, news, advertisements, information, audio-video programs and other information through the Internet. Under PRC law, we are required to monitor content, including content posted or distributed by our users or available on our platform, for items deemed to be factually incorrect or defamatory, and promptly take appropriate actions with respect to such content items. Sometimes, it is not apparent as to whether a piece of information is factually incorrect or involved other types of illegality, and it may be difficult to determine the type of content that may expose us to liabilities. Even though we implement measures to review medical knowledge information and sponsored information in light of the relevant laws and regulations as well as our internal guidelines before they are published on our platform, such measures may not be effective and may still subject us to potential liabilities. For the information posted by users, we have implemented the terms of users for our platform through which users agree to take all responsibilities and legal consequences for the information they post on the platform; however, we cannot assure that all users will read through and strictly follow these terms and policies. Our burden to administer the content may be exacerbated as we gradually introduce more features and functions to our platform. If we are found to be liable, we may be subject to fines, have our relevant business operation licenses revoked, or be prevented from operating our websites or mobile interfaces in the PRC.

In addition, the Internet information providers and Internet publishers are prohibited from posting or displaying over the Internet any information that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, or is obscene, superstitious, frightening, gruesome, offensive, fraudulent or defamatory. In November 2016, China promulgated the Cyber Security Law, which came into effect on June 1, 2017, to protect cyberspace security and order. The Cyber Security Law tightens control of cyber security and sets forth various security protection obligations for network operators. If any of our Internet information were deemed by the PRC government to violate any restrictions, we would not be able to continue to display such information and could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of required licenses, which could materially and adversely affect our business, financial condition and results of operations. We may also be subject to potential liability for any unlawful actions by users of the websites we operate or for information we distribute that is deemed inappropriate. It may be difficult to determine the type of information that may result in liability to us, and if we are found to be liable, we may be prevented from operating our website, mobile applications and social media accounts in China.

Furthermore, our reputation may be harmed and we may be subject to claims brought against us as a result of the information we provide. Healthcare professionals and patients access information, including information regarding particular medical conditions and the use of particular medications, through our clinical decision support tools, such as *Clinical Guides, Clinical Drug Reference* and *Disease Knowledge Database*. If such information contains inaccuracies or any use or misuse of such information by healthcare professionals or patients results in any personal injury or death, we may be subject to claims brought against us by users for any damages caused by such inaccuracies or such use or misuse of the information on our platform. We could be required to spend significant amounts of time and money to defend ourselves against any such claims. We have editorial procedures in place to provide quality control of the information that we publish or provide. However, we cannot assure you that our editorial and other quality control procedures will be sufficient to ensure that there are no errors or omissions in particular information. In addition, our business is based on establishing the reputation of our services as trustworthy and reliable sources of medical knowledge information. Allegations of impropriety or inaccuracy, even if unfounded, could therefore harm our reputation and business.

**We may fail to manage external physicians with whom we collaborate to offer Internet hospital services and may become subject to penalties or medical liability claims in connection with our Internet hospital services under our intelligent patient management solutions, which could cause us to incur significant expenses and be liable for significant damages if any claim is not covered by insurance.**

The practice of physicians is strictly regulated under PRC laws, rules and regulations. Physicians who practice at medical institutions must hold practicing licenses and may only practice within the scope of their licenses and at the specific medical institutions as stated in their licenses. As advised by our PRC Legal Adviser, under applicable PRC regulations, a physician is required to register the medical institutions at which he or she practices in his or her license. If a physician is found practicing at a medical institution not registered in his or her license, the physician would be subject to regulatory penalties, from warning to suspension of practice and, in the worst-case scenario, revocation of licenses. A physician practicing in multiple institutions must apply to register or file with competent in-charge administrative authorities and can only have the right to prescribe medicine at the registered or filed practicing institution. If the physician issues a prescription in a medical institution not registered in his or her license, the relevant medical institution would also be subject to regulatory penalties, including a fine of up to RMB5,000 and, in the worst-case scenario, revocation of the medical institution's Practicing License for Medical Institutions.

We cannot assure you that external physicians with whom we collaborate will complete the registration and relevant government procedures in a timely manner, or at all, or that such external physicians will not practice outside the permitted scope of their respective licenses or strictly take their individual responsibilities under the applicable laws and regulations in connection with medical services, especially Internet hospital services. Our failure to properly manage or check the registration of such external physicians may subject us to administrative penalties against our medical institution, including fines, or, in the worst-case scenario, revocation of our practicing license for medical institutions, which could materially and adversely affect our business. Meanwhile, if external physicians are found to have deficient registration or found to be practicing beyond the scope permitted by relevant authorities, they may be disciplined and lose their practicing licenses. In the event that the multi-institution practices of such external physicians are in breach of their contractual obligations owed to other institutions, such as non-compete obligations, we may be exposed to indemnity or other legal liabilities if we are deemed to have aided in these breaches, and are therefore susceptible to legal disputes and potential damages. As a result, we may no longer be able to collaborate with them in offering our Internet hospital services, which could materially and adversely affect our business. In addition, there can be no assurance that we could timely find qualified replacements on commercially reasonable terms, or at all.

There can be no assurance that all of the external physicians who are or will be registered on our Internet hospital will continue to abide by such PRC regulations and that the relevant healthcare administrative authorities would not retrospectively find deficiency in the registration of these physicians and subject the relevant physicians and/or us to penalties, which could materially and adversely affect our business.

We also face risks of medical liability claims against external physicians with whom we collaborate and us in connection with our online healthcare services. In particular, external physicians that we partner with may provide sub-standard services, mishandle sensitive information, engage in other misconduct or commit medical malpractice, which could subject us to medical liability claims. Successful medical liability claims could result in substantial damage awards that may exceed the limits of our insurance coverage. We carry professional liability insurance for our Internet hospital and the external physicians with whom we collaborate in relation to the provision of online hospital services by such external physicians on our platform. See "Business — Insurance." Professional liability insurance premiums may increase significantly in the future, particularly as we expand our services. As a result, adequate professional liability insurance may not be available to such external physicians or us in the future on commercially acceptable terms, or at all. In addition, medical liability claims may fall outside of the scope of our insurance coverage, such as claims arising from physicians practicing outside of their licensed scopes. Any claims made against us that are not fully covered by insurance could be costly to defend against, result in substantial damage awards against us and divert the attention of our management and our practicing external physicians from our operations, which could have a material adverse effect on our business, financial condition, results of operations and reputation.

**Our clinical research services under our corporate solutions rely on hospitals and their physicians and other supporting staff to update and enrich healthcare data through their diagnosis and research activities. We cannot guarantee the accuracy, quality and timeliness of such data.**

Clinical records of hospitals in China customarily are made in natural language in free-form text format. Our clinical research solutions, such as EDC system and CDMS, therefore, begin with translation of a large volume of free-form text into computable data, which involves judgments on, and interpretations of, the meaning of the text. In practice, some of the clinical information is expressed with symbols that are hard to discern for lay people without medical education or related experience. The situation is further complicated by the fact that multiple medical natural language expressions may be used by different physicians in clinical records to convey the same idea. We cannot rule out the possibility of certain text or information being misidentified, mistranslated or inaccurately categorized when we perform the natural language processing. Any

such mistakes or errors could lead to defect or inaccuracy in our clinical research solutions, which could lead to liabilities against us, deter prospective customers and harm our reputation, business and results of operations.

In addition, collection, retaining and storage of individually identifiable or de-identified healthcare data are highly regulated in China. Therefore, we do not collect healthcare data by ourselves in offering clinical research solutions. We only provide SaaS services to our customers, which can be used by our customers to collect, manage and process clinical data and to conduct statistical analysis. After our hospital customers or the hospitals with whom our customers collaborate collect clinical data, such as patients' medical records, with patients' prior consents, we store such data in our data centers pursuant to the agreements with our customers, and these data are processed and analyzed by our customers using our solutions. Physicians or other staff of our hospital customers or the hospitals with whom our customers collaborate may fail to log the original healthcare data into the hospital's system accurately. In addition, physicians in many hospitals of China were trained to record diagnosis and prescribe treatments in hand-written format in natural language. It may take longer than we expect to reshape physicians' behaviors. We cannot rule out the possibility that some physicians and hospital personnel may still choose to record their clinical data in hand written format, or may fail to log the healthcare data into the database in a timely manner. Any of these occurrences may compromise the quality or timeliness of the data and negatively impact the performance of data analysis results, which may lead to legal liabilities against us, render our products less attractive and harm our reputation. As a result, our business, results of operations and financial condition could be adversely affected.

**We may become subject to claims, lawsuits and liabilities in connection with our patient recruitment service under our corporate solutions if any of these patients incur personal injury or other harms from drugs or devices tested on them, which could adversely affect our business and results of operations.**

Our involvement as a recruiter in clinical trials, which involve inherent risks of inflicting harm to the health of participating patients, could expose us to potential claims, lawsuits and liabilities. Under the applicable PRC laws and regulations, the sponsors of the clinical trials, such as pharmaceutical and medical device companies, and the CROs are responsible for the personal injury or other harms from the drugs or devices tested on patients in connection with the clinical trials. However, if any of the patients recruited by us incurs personal injury or other harms from the drugs or devices tested on them, we as the recruiter may be brought into legal proceedings claiming for damages, penalties or else due to our involvement. Although unfounded under the applicable PRC laws and regulations, any of these claims and actions could be time-consuming and costly to defend and distractive to our management, and could hurt our reputation, harm our clinical research solutions business and adversely impact our results of operations.

**Our business processes a large amount of data. Data protection, privacy and similar laws in China restrict collection, use and disclosure of personal information, and failure of our business partners or employees to comply with or adapt to changes in these laws could materially and adversely harm our business.**

We collect and store user data when providing precision marketing solutions, medical knowledge solutions and patient management solutions. We store clinical data when providing EDC system, CDMS and RWS support services under our corporate solutions. We face risks inherent in handling and protecting a large amount of data that our business generates and processes from user activities on our platform facilitates, and such data include sensitive personal information. In particular, we face a number of challenges relating to data from user activities on our platform, including:

- protecting the data in and hosted on our system, including against attacks on our system by external parties or misbehavior by our employees;
- addressing concerns related to privacy, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, storage, use, transfer, disclosure and security of personal information, including any requests from regulatory and government authorities relating to such data.

In particular, if we fail to secure our users' identity and protect their identity-specific data, such as their addresses and contact information, such data may be misused and our users may be vulnerable to harassments, and their assets may also be put at risk due to data leakages. As a result, we may be held liable for these incidents, and our users may feel insecure and cease to use our services. In addition, any system or technological failure or compromise of our technology system that results in loss of, unauthorized access to or release of any data collected or stored in connection with providing our solutions, such as personal data of our users or proprietary information of our business operations, could significantly harm our reputation and/or result in litigation, regulatory investigations and penalties against us.

We are subject to various data privacy and protections laws and regulations in China, including without limitation, the PRC Cybersecurity Law. Under the Cyber Security Law of China, the owners and administrators of networks and network service providers have various personal information security protection obligations, including restrictions on the collection and use of personal information of users, and they are required to take steps to prevent personal data from being divulged, stolen, or tampered with. Moreover, different regulatory bodies in China, including the MIIT, the Cyberspace Administration of China, or CAC, the Ministry of Public Security and the SAMR, have enforced data privacy and protections laws and regulations with various standards

and applications. These various standards in enforcing data privacy and protection laws may create difficulties in ensuring full compliance and increase our operating cost, as we need to spend time and resources to deal with various inspections for compliance.

While we have adopted a rigorous and comprehensive policy for the collection, processing, storage and other aspects of data use and privacy and taken necessary measures to comply with all applicable data privacy and protection laws and regulations, we cannot guarantee the effectiveness of these policies and measures undertaken by us on our platform. Despite the absence of any material cybersecurity breach and our continuous efforts to comply with our internal policies as well as applicable laws and regulations, any failure or perceived failure of our business partners to comply with all applicable data privacy and protection laws and regulations, or any failure or perceived failure of our employees to comply with our internal control measures, may result in negative publicity and legal proceedings or regulatory actions against us, and could result in fines, revocation of licenses, suspension of business operations or other penalties or liabilities, which may in turn damage our reputation, discourage current and potential physician users from using our services, and subject us to fines and damages, which could have a material adverse effect on our business and results of operations.

Furthermore, the PRC regulatory and enforcement regime with regard to data security and data protection is still evolving. PRC regulators have been increasingly focused on regulation in the areas of data security and data protection. For example, in October 2020, the SCNPC released a draft personal information protection law, or the Draft PI Protection Law, for public comment. The Draft PI Protection Law provides for various requirements on personal information protection, including legal bases for data collection and processing, requirements on data localization and cross-border data transfer, requirements for consent and requirements on processing of sensitive personal information. As the Draft PI Protection Law remains subject to change, we may be required to make further adjustments to our business practices to comply with the enacted form of the law. Furthermore, we cannot assure you that relevant regulators will not interpret or implement the laws or regulations in ways that negatively affect us. In addition, it is possible that we may become subject to additional or new laws and regulations in this regard, which may result in additional expenses to us and subject us to potential liability and risk of negative publicity. We expect that data security and protection will continue to receive significant public attention and scrutiny from regulators going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with data security and protection. If we are unable to manage these risks, we could become subject to penalties, fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

**Security breaches and attacks against our system and network, and any potential resultant breach or failure to otherwise protect confidential and proprietary information, could damage our reputation, lead to legal liabilities against us and adversely affect our business, financial condition and results of operations.**

We rely heavily on technology, particularly the Internet, to provide all of our high-quality online services. However, our technology operations are vulnerable to disruptions arising from computer viruses, spam attacks, unauthorized access and other similar events. Disruptions to, or instability of, our technology or external technology that supports the offering of our online services and products could materially harm our business and reputation.

Although we have employed significant resources to develop security measures against breaches, our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of user information, or a denial-of-service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us, we may be unable to anticipate, or implement adequate measures to protect against, these attacks. During the Track Record Period, we had not been subject to these types of attacks that had materially and adversely affected our business operations. However, there can be no assurance that we would not in the future be subject to such attacks that may result in material damages or remediation costs. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation would be harmed and we could sustain substantial revenue loss from lost sales and user dissatisfaction.

In addition, we may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Cyber-attacks may target us, our users or other participants of our platform, or the information infrastructure on which we depend. Actual or anticipated attacks and risks may cause us to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees, and engage third-party experts and consultants. Cybersecurity breaches may harm our reputation and business, and materially and adversely affect our financial condition and results of operations.

**The proprietary technologies that comprise our technology infrastructure may include design or performance defects and may not achieve their intended results, any of which could lead to legal liabilities against us and adversely affect our business, results of operations and financial performance.**

We rely on our proprietary AI and big data technologies that comprise our platform to deliver all of our solutions. Our proprietary technologies are relatively new, and they may contain design or performance defects that are not detectable even after extensive internal testing and may become apparent only after widespread commercial use. In addition, the data rules and models for quality control may not be comprehensive, and various anomalies in data such as incompleteness and inaccuracy may decrease the quality of the results delivered by our solutions. Any defect in those technologies as well as their subsequent alterations and improvements could hinder the effectiveness of our platform and the reliability of our solutions and discourage existing or potential customers from utilizing our solutions, which would have a material and adverse effect on our reputation, competitiveness and future prospects. In addition, correction of defects or errors could prove to be impossible or impracticable and the costs incurred in correcting any defects or errors may be substantial and could have a material adverse effect on our business, financial condition and results of operations. Our software products are subject to product liability laws of China and may also be subject to product liability laws of other jurisdictions where we provide solutions and services. If the technologies underlying our solutions are found to have design or performance defects, we may be liable for product liability claims in China or such other jurisdictions.

**If we fail to keep up with rapid changes in technologies or adapt our platform to changing user requirements or emerging industry standards, or if our efforts to invest in the development of new technologies are unsuccessful or ineffective, our business may be materially and adversely affected.**

To remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our platform. The industries we operate in are characterized by rapid technological evolution, changes in user requirements and preferences, frequent introductions of new products and services embodying new technologies and the emergence of new industry standards and practices, any of which could render our existing technologies and systems obsolete. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies useful in our business, and respond to technological advances and emerging industry standards and practices, such as mobile Internet, in a cost-effective and timely way. In recent years, we invested in the development of many new technologies and business initiatives, such as AI and big data analytics. The development of websites, mobile apps and other proprietary technologies entails significant technical and business risks. We cannot assure you that we will be able to successfully develop or effectively use new technologies, recoup the costs of developing

new technologies or adapt the website and mobile apps that we operate, and our proprietary technologies and systems to meet user requirements or emerging industry standards. If we are unable to develop technologies successfully or adapt in a cost-effective and timely manner in response to changing market conditions or user requirements, whether for technical, legal, financial or other reasons, our business, prospects, financial condition and results of operations may be materially and adversely affected.

**If we are unable to continue to provide current, relevant and reliable medical knowledge information, our results of operations and financial condition may be materially and adversely affected.**

Our business is in part dependent on our ability to make available current, relevant and reliable medical knowledge information that meets the needs of our users, especially physician users. Our ability to do so depends on our ability to:

- hire and retain qualified physician and pharmacist editors;
- license accurate and relevant information from third parties; and
- monitor and respond to changes in user interest in specific topics.

For several of the professional information included in our products such as *Clinical Guides* and *Reference Aid for Medicine*, we are particularly dependent on third-party sources. We cannot assure you that we will be able to continue to develop or acquire needed information at a reasonable cost, that there will not be errors or omissions in our developed or licensed information, or that our competitors will not obtain exclusive access to or develop information that healthcare professionals consider superior to ours. If any of these risks materialize for any reason, the value of the information and services that we offer would diminish. As a result, we may be unable to attract new users and retain existing users and our results of operations and financial condition may be materially and adversely affected.

**If we are unable to compete effectively, our business, results of operations and financial condition may be materially and adversely affected.**

We face intense competition in the markets that we operate in. The markets for our solutions are highly competitive. These markets are characterized by frequent technological advances and product upgrades that have contributed to the digitalization of healthcare services. We face competition from other healthcare platforms that develop and commercialize digital healthcare marketing services, clinical research services, medical content services and/or patient management

services. We compete with other healthcare platforms for physician users and healthcare customers and we strive to keep our solution offerings competitive so we can maintain and grow the number and engagement of physician users and healthcare customers.

Our competitors may operate different business models, have different cost structures or participate selectively in different industry segments. They may ultimately prove to be more successful or more adaptable to customer demand and new regulatory, technological and other developments. Some of our competitors may have longer operating histories, more project experience, more established brand names, larger user base and greater financial, technical and marketing resources than we do, and in turn may have an advantage in attracting and retaining customers. Furthermore, large technology companies with substantial resources, technical expertise and greater brand power could enter or further expand in the markets where we operate to compete with us. Further, if one or more of our competitors and potential competitors were to merge or partner with another of our competitors, or if a new entrant emerged with substantial resources, the change in the competitive landscape could adversely affect our ability to compete effectively. In response to competition, we may have to lower and/or adjust the various fees that we charge to our customers and users or increase our operating expenses and capital expenditures to attract more users, which could materially and adversely affect our business, profit margins and results of operations. If we are not able to compete effectively, our ability to attract and retain users may be adversely affected and the attractiveness of our platform to customers may decrease, which could materially and adversely affect our business, financial condition, results of operations and prospects, as well as our reputation and brands.

**Our historical financial and operating performance may not be indicative of our future prospects and results of operations due to limited operating history of some of our business lines, evolving business model and changing market.**

We have limited experience in certain key aspects of our business operations, such as providing intelligent patient management solutions and clinical research solutions, as well as developing and maintaining long-term relationships with a wide range of platform participants. It is difficult to predict our future revenues and appropriately budget for our costs and expenses, and the evaluation of our business and prediction about our future performance may not be as accurate as they would be if we had a longer operating history with respect to these key aspects. As our business develops or in response to competition, we may continue to introduce new solutions and services, make adjustments to our existing solutions and services, our business model or our operations in general. Furthermore, the healthcare market in China is undergoing constant change. The laws and regulations governing the healthcare market in China may also be subject to further changes and interpretation. As the market, the regulatory environment or other conditions evolve, our existing solutions and services may not continue to deliver the expected business results.

Our revenue increased from RMB83.5 million in 2018 to RMB121.6 million in 2019 and further to RMB213.5 million in 2020. Our revenue growth in recent periods may not be indicative of our future performance. We believe the growth of our revenue depends on a number of factors, including our ability to:

- continue to attract and retain more users, especially physician users;
- innovate and adapt our services and solutions to meet evolving needs of current and potential customers;
- create and productize new solutions;
- continuously improve on the algorithms underlying our solutions;
- the reliability, security and functionality of our platform and solutions;
- adopt new technologies or adapt our information infrastructure to changing customer requirements or emerging industry standards;
- adapt to a changing regulatory landscape governing privacy matters;
- attract and retain talents; and
- increase brand awareness among existing and potential customers through various marketing and promotional activities.

We cannot assure you that we will be able to accomplish any of these objectives. Our failure to accomplish any of these objectives may adversely affect our results of operations, financial condition and growth prospects.

**We cannot guarantee that our monetization strategies or our new business initiatives will be successfully implemented or generate sustainable revenue or profit.**

We continue to execute a number of growth initiatives, strategies and operating plans designed to diversify our business and explore monetization opportunities leveraging our data insights and large user network. For example, we plan to further enhance our intelligent patient management solutions by leveraging our technologies and physician network and to build a comprehensive intelligent contract research platform. These business initiatives are new and evolving, some of which are still at the inception or early stages and may prove unsuccessful. In addition, we may not have sufficient experience in executing these new business initiatives

effectively. Further, we may incur increasing research and development spending, sales and marketing expenditures, personnel expenses and compliance costs as more efforts on product development, brand and service promotion, general administration and legal compliance are required for our newly launched businesses, and no guarantee on the effectiveness of our efforts can be given. As a result, we cannot assure you that any of these business initiatives will achieve wide market acceptance, increase the penetration of our addressable market or generate revenues or profit. If our new business initiatives are not well received by the market, we may not be able to maintain or increase our revenues or recover any associated costs, and our business and results of operations may be materially and adversely impacted. In addition, we are at an early stage of monetizing our solutions, such as intelligent patient management solutions and clinical research solutions, and our monetization model is evolving. We cannot assure you that we will be able to successfully monetize our solutions or generate results that meet our expectations, or at all.

In addition, to maintain growth, we must continually identify the industry pain points faced by our users and customers and develop, produce and market new solutions to respond to unmet market demands in an effective manner. We may not identify addressable market demands despite substantial investments of time and resources, and even if a niche market is identified, we may not have enough resources, as compared with some of our competitors, to develop solutions fast enough to acquire an advantageous market position. In addition, each new solution launch involves risks, as well as the possibility of unexpected consequences. For example, the acceptance of our new solutions and sales to our targeted market may not be as high as we anticipate, due to lack of acceptance of the solutions themselves or their price, or limited effectiveness of our marketing strategies. Further, we may also experience a decrease in sales of certain existing solutions as a result of newly-launched solutions. Any of these occurrences could delay or impede our ability to achieve our business objectives, which could have a material adverse effect on our business, results of operations and financial condition.

**Changes in the healthcare industry could negatively affect our business.**

Most of our revenue is derived from the healthcare industry and could be reduced by changes affecting healthcare spending. General reductions in expenditures by healthcare companies could result from, among other things:

- government regulation or private initiatives that affect the manner in which healthcare providers interact with patients, pharmaceutical companies, or other healthcare industry participants, including changes in pricing or means of delivery of healthcare products and services;

- consolidation of healthcare companies;

- reductions in governmental funding for healthcare; and

- adverse changes in business or economic conditions affecting healthcare providers, the pharmaceutical industry or other healthcare companies.

We are particularly dependent upon pharmaceutical companies. Our business will be harmed if business or economic conditions or government regulations result in the reduction of purchases by such customers, the non-renewal of our agreements with such customers, or the need to materially revise our offerings. Even if general expenditures by healthcare companies remain the same or increase, developments in the healthcare industry may result in reduced spending in some or all of the specific segments of the market we serve or are planning to serve. For example, purchase of our services could be affected by:

- a decrease in the number of new drugs coming to market;

- decreases in marketing expenditures by pharmaceutical and medical device companies as a result of governmental regulation or private initiatives that discourage or reduce the incentives of advertising or sponsorship activities by pharmaceutical and medical device companies, such as volume-based procurement, which has dramatically reduced unit sales prices of relevant drugs and medical devices and, as a result, marketing budgets of pharmaceutical and medical device companies; and

- changes in coverage of health insurance plans.

In addition, our customers' expectations regarding pending or potential industry developments may also affect their budgeting processes and spending plans with respect to services of the types we provide. The healthcare industry has changed significantly in recent years and we expect that significant changes will continue to occur. However, the timing and impact of developments in the healthcare industry are difficult to predict. We cannot assure you that the markets for our solutions will continue to exist at current levels or that we will have adequate technical, financial and marketing resources to react to changes in those markets.

**We are subject to extensive and evolving regulatory requirements. We may be adversely affected by the complexity, uncertainties and changes in PRC regulations of healthcare, digital healthcare and Internet-related business and companies, including limitations on our ability to own key assets.**

We are operating a multifaceted business spanning healthcare and Internet industries, which the PRC government extensively regulates. Foreign ownership of and the licensing and permit requirements pertaining to companies in such industries and the access and usage of healthcare

data are among such areas that are subject to government scrutiny. These laws and regulations related to healthcare, digital healthcare and Internet industries are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. Issues, risks and uncertainties relating to PRC laws and regulations of such industries include, but are not limited to, the following:

- We operate our business and hold licenses through our Consolidated Affiliated Entities due to restrictions on foreign investment in businesses providing value-added telecommunication services.

- Uncertainties relating to the laws and regulations of the medical big data business, Internet hospital business and other Internet business in general in China, including evolving licensing practices, give rise to the risk that some of our permits, licenses or operations may be subject to challenge, which may be disruptive to our business, subject us to sanctions or require us to increase capital, compromise the enforceability of relevant contractual arrangements, or have other adverse effects on us. The restrictions on access to healthcare data, user data, information distributed online, and liabilities as a platform provider for contracted external physicians in China, which are complicated and sometimes vague, may subject us to potential liability, temporary blockage of our platform or complete shut-down of our platform or business.

- We have not received notice of violation or faced administrative actions in connection with our operation of business via our Consolidated Affiliated Entities. We cannot assure you, however, that the PRC government will not find such practice incompliant with PRC laws and regulations or the interpretation thereof, in which case we could be subject to severe penalties or be forced to relinquish our interests in those operations.

In particular, it is uncertain whether existing laws governing issues such as privacy, property ownership, medical malpractice and other forms of torts, liability theories based on contracts, and sales and other taxes, etc. could apply to healthcare data processing, digital healthcare offering and other online services, and such uncertainty may take years to resolve. In addition, due to the increased popularity of the digital healthcare solutions and the significant impact of any safety and security breach in the digital health solutions on the society generally, it is possible that a number of laws and regulations may be adopted with respect to health, digital healthcare and Internet industries. The adoption of additional laws or regulations, the application to our business of laws and regulations from jurisdictions whose laws do not currently apply to our business, or the application to our business of existing laws and regulations that are traditionally not applicable to

digital forms of services, may heighten requirements on medical big data services and other digital healthcare offerings, which could, in turn, increase our cost of doing business, disrupt our operations and impede the development or growth of the digital healthcare industry generally.

We cannot assure you that subsequent laws and regulations or interpretations of existing ones would not render our operations non-compliant or that we would always be in full compliance with applicable laws and regulations. In the event that we must remedy any violations, we may be required to modify our business models as well as solution and service offerings in a manner that undermines our solutions' and services' attractiveness. We may also become subject to fines or other penalties and, if we determine that the requirements to operate in compliance are overly burdensome, we may elect to terminate the non-compliant operations. In each case, our business, financial condition and results of operations may be materially and adversely affected.

**Changes in laws, government regulations or in practices relating to the pharmaceutical, biotechnology and medical devices industries, including healthcare reform in China, could decrease demand for the patient recruitment service we provide.**

Changes in laws, government regulations or in practices relating to the pharmaceutical, biotechnology and medical devices industries, such as a relaxation in regulatory requirements, or the introduction of simplified new drug approval procedures which will lower the entry barrier for potential competitors, or an increase in regulatory requirements which may increase the difficulty for us to satisfy such requirements or may make our services less competitive, could eliminate or substantially reduce the demand for our services. By engaging CROs in China, foreign pharmaceutical or biotechnology companies will be able to reduce the time and cost required to introduce new drugs to the China market. If China ever streamlines, expedites or simplifies such regulatory procedures, foreign pharmaceutical or biotechnology companies' demand for CROs' services may decrease, which would have a material adverse effect on our business. For example, on September 28, 2018, the NMPA issued the newly revised List of Medical Devices Exempted from Clinical Trials (《免於進行臨床試驗醫療器械目錄》), under which 855 medical devices are exempted from clinical trials. As a result of this exemption, the demand for CROs' clinical trials services for medical devices may reduce. Furthermore, additional exemptions may be introduced in the future, which could further reduce the demand for such CRO services. As a result, demand for our patient recruitment service could decrease, which in turn will have a material and adverse impact on our business, financial condition, results of operations and prospects.

**If we fail to obtain and maintain the requisite licenses, permits and approvals applicable to our business as a result of the complexity and uncertainties of laws and regulations, or fail to obtain additional licenses that become necessary as a result of new enactment or promulgation of laws and regulations or the expansion of our business, our business and results of operations may be materially and adversely affected.**

Healthcare, Internet and digital healthcare industries in China are highly regulated, which require multiple licenses, permits, filings and approvals to conduct and develop business. As of the Latest Practical Date, we have obtained all licenses material to our business through our subsidiaries or Consolidated Affiliated Entities. Some of the licenses we hold are subject to periodic renewal. If we fail to maintain or renew one or more of our licenses and certificates when their current term expires, or obtain such renewals on a timely manner, our operations could be disrupted. In addition, under relevant PRC laws and regulations, our subsidiaries and Consolidated Affiliated Entities as license holders are required to update certain licenses if any change to their respective name, registered capital or legal representative during the validity period of such license. If we fail to properly renew and maintain all such requisite licenses on time, we may face penalties and in extreme circumstances, order to suspend or terminate our business. Due to uncertainties of interpretation and implementation of existing laws and the adoption of additional laws and regulations, the licenses we held may be deemed insufficient by PRC governments, which may restrain our ability to expand our business scope and may subject us to fines or other regulatory actions. Furthermore, as we develop and expand our business scope, we may need to obtain additional permits and licenses and we cannot assure that we will be able to obtain such permits on time or at all.

**We may not be able to conduct our marketing activities effectively, properly or at reasonable costs, which may have a negative impact on our business operations.**

We invest resources from time to time in a variety of marketing and brand promotion efforts designed to enhance our brand recognition and increase sales of our products and services. However, our brand promotion and marketing activities may not be well received and may not result in the levels of sales that we anticipate. Meanwhile, marketing approaches and tools in the PRC Internet healthcare market are continually evolving, which may further require us to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and user preferences. Failure to refine our existing marketing approaches or to introduce new marketing approaches in a cost-effective manner could reduce our market share and materially and adversely affect our financial condition, results of operations and profitability. In addition, we are subject to certain limitations in promoting services and products. The external physicians and other relevant parties with whom we collaborate in the provision of our intelligent patient management solutions have to comply with rules and regulations that restrict the promotion or dissemination of information about the professional healthcare services and practice provided by

licensed physicians, and the publication or marketing efforts for the predominant purpose of promoting the products or services of physicians to consumers. Such restrictions may affect our ability to further enhance our brand recognition or secure new business opportunities in the future.

Under PRC laws and regulations, all advertisements published online containing drug names, applicable symptoms treated by such drugs (major functions) or other drug-related information, and advertisements published online containing medical device names and the applicable scope, performance, structure and composition, function and other information relevant to medical devices are subject to examination by relevant government authorities. We are prohibited from publishing advertisements of prescription drugs on the website or social medial accounts that we operate and must ensure that any advertisement of medical treatment, drugs or medical devices does not include any assertion or guarantee as to the function and safety or any statement of curative rate and effectiveness of such medical treatment, drugs or medical devices. Any violation of advertisement-related laws and regulations may subject us to fine, or even suspension of our business or revocation of our business license. We cannot assure you that all information on our website and social medial accounts meets the requirements under PRC advertising-related laws and regulations at all times. There can also be no assurance that our existing practices of monitoring our information dissemination process and publication would continue to be effective and would fully comply with relevant laws and regulations. Should there be any change in the relevant rules and regulations, or change of interpretation thereof, we may be regarded as breaching the relevant rules and regulations and may be subject to regulatory penalties or disciplinary actions, which may materially and adversely affect our business and reputation.

**Our profitability could be negatively affected if content development cost outgrows our revenue.**

Content related costs accounted for a large portion of our cost of sales during the Track Record Period. Our historical content related costs were primarily related to the development cost for outsourced content and salaries and benefits for our in-house content team, which were largely attributable to labor cost. As the average wage in China continues to rise, labor cost for content development, including both outsourced content and in-house developed content, has been slightly increasing over the past few years and are expected to be increasing at a relatively steady pace in the coming years. In addition, we collaborate with KOLs who are our content contributors in developing our content and pay expert consultation fees to them. Such fees increased both as an absolute amount and as a percentage of our revenue during the Track Record Period, as we increasingly collaborated with KOLs on streaming programs. Fees for streaming programs are typically more expensive than other types of collaboration, such as interviews and commentaries. As streaming and video programs become more prevalent, our expert consultation fees may increase further in the future. As a result of competitive pressures and customer expectations, we may be unable to pass any such incremental cost to our customers, which could result in us

absorbing all or a portion of such cost increase in the future. Such event would increase our cost of sales and reduce our profit margins, which would in turn adversely affect our business, results of operations and financial condition.

**We are subject to risks associated with other parties with which we collaborate. If we cannot effectively cooperate with such other parties, or if such other parties fail to perform their obligations, or provide reliable or satisfactory services, in each case in compliance with applicable laws and regulations, our business, financial condition and results of operations may be materially and adversely affected.**

We collaborate with certain other parties in providing products and services to our users. For example, we enhance the effectiveness of pharmaceutical companies' marketing campaigns by collaborating with KOLs of the medical community to make the sponsored information more persuasive. In addition, we may work with hospitals, pharmaceutical and healthcare product suppliers and distributors in offering our solutions. These parties may not be able to properly perform their duties under their agreements with us. Any failure by these parties to continue with good business operations, comply with applicable laws and regulations or any negative publicity on these parties could damage our reputation, expose us to significant penalties and decrease our total revenues and profitability. Also, if we fail to retain existing or attract new parties to collaborate with us, our business operations may be affected, and our users may lose confidence in our products and services. If these other parties engage in activities that are negligent, illegal or otherwise harmful to the trustworthiness and security of our system, including the leak or negligent use of data, or if our users or customers are otherwise dissatisfied with their service quality, we could suffer reputational harm, even if these activities are not related to, attributable to or caused by us.

**If we are unable to maintain credibility of our medical knowledge information, our business and results of operations could suffer.**

The credibility of our medical knowledge information is dependent in large part on the medical community's continued perception of us as independent from our healthcare industry customers, particularly pharmaceutical companies. If healthcare professionals believe that we are too closely associated with such customers as a result of the revenue we receive from their use of our precision marketing solutions, the credibility of our medical knowledge information will diminish. Although we take precautions to remain independent from our healthcare industry customers, including clearly labeling the source and responsibility of sponsored information, programs and activities and implementing information standards to screen biased information, we cannot assure you that the medical community will view our information as sufficiently unbiased. If the credibility of our medical knowledge information is damaged, it will be difficult, expensive

and time-consuming to restore the credibility and quality of our brand with healthcare professionals and we may lose users, which in turn could adversely affect our business and results of operations.

**We may be subject to intellectual property infringement claims or other allegations, which could result in payment of substantial damages, penalties and fines and removal of data or technology from our system.**

Our internal procedures and licensing practices may not be effective in completely preventing the unauthorized use of copyrighted materials or the infringement by us of other rights of third parties. The validity, enforceability and scope of protection of intellectual property rights in Internet-related industries, particularly in China, is uncertain and still evolving. As we face increasing competition and as litigation becomes a more common way to resolve disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

Much of our business relies on technology and information developed or licensed by third parties. We cannot be certain that our operations, the information posted on our platform or any other aspect of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We may from time to time in the future be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there could also be existing intellectual property of which we are not aware that our operations and business may inadvertently infringe. We cannot assure you that we will not become subject to intellectual property laws in other jurisdictions. If a claim of infringement brought against us in another jurisdiction is successful, we may be required to pay substantial penalties or other damages and fines or to enter into license agreements which may not be available on commercially reasonable terms or at all, or we may be subject to injunctions or court orders. Even if allegations or claims lack merit, defending against them could be both costly and time-consuming and could significantly divert the efforts and resources of our management and other personnel.

Competitors and other third parties may claim as well that our officers or employees have infringed, misappropriated or otherwise violated their software, confidential information, trade secrets or other proprietary technology in the course of their employment with us. Although we take steps to prevent the unauthorized use or disclosure of such third-party information, intellectual property or technology by our officers and employees, we cannot guarantee that any policies or contractual provisions that we have implemented or may implement will be effective. If a claim of infringement, misappropriation or violation is brought against us or one of our officers or employees, we may suffer reputational harm and may be required to pay substantial damages,

subject to injunction or court orders or be required to remove the data and redesign our technology, any of which could adversely affect our business, financial condition and results of operations.

In particular, third parties may assert claims against us or one of our officers or employees alleging infringement of copyrights for information available on our platform. Although we have adopted internal procedures to screen, monitor and remove the information displayed on our platform to comply with third-party intellectual property rights and PRC laws and regulations, we may not be able to identify and remove all potentially infringing information in a timely manner due to the large amount of information on our platform. Accordingly, we may, from time to time, be exposed to copyrights infringement or misappropriation claims by third parties, including competing online medical information platforms, relating to the medical knowledge information posted on our platform. Defending against any of these current or future claims could be both costly and time-consuming, and could significantly divert the efforts and resources of our management and other personnel. An adverse determination in any such litigation or proceedings to which we or one of our officers or employees may become a party could subject us to significant liability to third parties, require us to seek licenses from third parties, pay ongoing royalties, or subject us to injunctions prohibiting the distribution of the relevant medical knowledge information. To the extent that licenses are not available to us on commercially reasonable terms or at all, we may be required to expend considerable time and resources sourcing alternative information. In addition, we may be subject to administrative actions brought by the National Copyright Administration of the PRC or its local counterparts for alleged copyright infringement. As a result of such claims, litigations and administrative actions, our business, brand image and reputation could be materially and adversely affected.

**The online healthcare services market is dynamic and evolving and may not develop as we expect. Developments in the market, such as levels of demand or patient acceptance, may adversely affect our business, financial condition or results of operations.**

The online healthcare services market is dynamic and evolving, and it is uncertain whether it will achieve and sustain high levels of demand, patient acceptance and market adoption. The success of our intelligent patient management solutions will depend to a substantial extent on the willingness of patients to use, and to increase the frequency and extent of their utilization of, our services, as well as on our ability to demonstrate the value of our services to patients, hospitals, physicians and healthcare companies. If patients or healthcare service providers do not perceive the benefits of our services, or if our services do not drive patient engagement, then the market for our services may not develop at all, or it may develop more slowly than we expect. Similarly, patients' concerns regarding patient confidentiality and privacy in the context of online healthcare

services in general could limit market acceptance of our services. If any of these events occurs, it could have a material adverse effect on the growth of our business, financial condition or results of operations.

**We may fail to attract or retain sufficient patients or physicians for our intelligent patient management solutions.**

Our ability to acquire and retain sufficient patients for our intelligent patient management solutions is critical to the development of such services, which in turn primarily depends on the overall experience we provide to patients as well as the actual or perceived effectiveness of our services. In order to attract and retain patients, we must continue to build our brand and reputation as an effective online healthcare platform, as well as effectively market and precisely target our services to prospective patients. To retain and engage our patient base, we must provide personalized, superior user experience, offer quality services covering a wide range of patients' demands and cultivate patients' stickiness to our platform. However, we cannot assure you that patients will consider their experience satisfactory or our services effective. For example, patients who do not achieve satisfactory treatment results following our patient education programs may attribute such failure to the ineffectiveness of our services. In addition, some patients may encounter trouble in navigating our platform or experience technical difficulties.

On the other hand, we also need to attract and retain sufficient physicians to our platform for our online healthcare services. We collaborate with external physicians to provide online healthcare services. We believe our platform and intelligent patient management solutions provide compelling value propositions to physicians by offering them an access to Internet traffic and an innovative healthcare venue. However, we cannot assure you that physicians would be attracted to or stay at our platform. For example, as external physicians with whom we collaborate have responsibilities at their hospitals, they may not be willing to set aside additional hours from their schedule to participate in our online healthcare services. Additionally, they may not share our vision about online healthcare services and may still stick to their traditional practices. If we fail to attract or retain sufficient number of medical professionals, our online healthcare services may not develop and we may not be able to provide satisfactory services or patient experience.

If we fail to address, among other things, any of the foregoing challenges, patients may become frustrated by or dissatisfied with our intelligent patient management solutions, and may leave our platform without using our service. As a result, the attractiveness of our solutions to healthcare companies would decrease, and our business, results of operations and financial condition could be materially and adversely affected.

**The efficiency of our delivery of clinical research solutions to our customers may be compromised if we fail to secure requisite authorization from hospitals to use the data underlying our solutions in a timely manner.**

For our clinical research solutions, we leverage our physician network, software technology and real-world healthcare data to help the healthcare companies, including pharmaceutical companies, biotech companies, medical device manufacturers and CROs, to reduce the duration and costs and increase the success rate of clinical development. We must enter into cooperation agreements with and obtain authorization from hospitals for using healthcare data that are necessary to the development of our solutions before delivering our solutions pursuant to our service agreements with our customers. Negotiating and entering into cooperation agreements with and obtaining authorization from hospitals are usually time-consuming, which have negatively affected and may continue to negatively affect the efficiency of our delivery of our clinical research solutions. We plan to devote more resources and staff to facilitate the negotiation and authorization process of hospitals. However, we cannot guarantee the effectiveness of these efforts, especially given the complex internal approval procedures implemented by public hospitals in China. If we fail to reduce the time required for securing data usage authorization, the efficiency of our delivery of clinical research solutions to our customers could be compromised. If such inefficiency prevents us from delivering our solutions within the timeframe required by the service agreements, we may face legal liabilities for breach of contract and lose the anticipated revenues under the relevant service agreements, which could harm our business, reputation, result of operations and financial conditions.

**If we are unable to attract suitable patients for clinical trials, our clinical research solutions business may suffer.**

We provide patient recruitment service as part of our clinical research solutions. Our physician network and software technology have enabled us to shorten the time required for locating adequate patient candidates. However, our patient recruitment service for clinical trials may nevertheless be affected by a number of factors, some of which are beyond our control. Failure to locate sufficient patients within the timeframe as required by our service agreements could hurt our business, results of operations and financial position. Factors that could impact our patient enrollment performance include but not limited to the following:

- severity of the disease under investigation;
- total size and nature of the relevant patient population;
- design and eligibility criteria for the clinical trial in question;

- perceived risks and benefits of the drug candidates under study;
- patient referral practices of physicians and hospitals;
- availability of competing therapies also undergoing clinical trials;
- our customers' efforts to screen and recruit eligible patients;
- proximity and availability of clinical trial sites for prospective patients; and
- occurrence of any health epidemic or other public events, such as the COVID-19 outbreak, that could deter patients from participating in clinical activities.

Any failure to satisfactorily perform our patient recruitment service as a result of these or other factors may materially and adversely affect our business, results of operations, financial condition and prospects.

**Any failure to comply with existing regulations and industry standards by our CRO customers or any adverse actions by the drug approval authorities against our CRO customers or us could negatively impact our reputation and our business, financial condition, results of operations and prospects.**

China imposes high standards on the efficacy of prescription drugs, as well as strict rules, regulations and industry standards on how pharmaceutical companies develop and manufacture prescription drugs before granting approval for marketing. Regulatory authorities may also conduct scheduled or unscheduled periodic inspections of our CRO customers' facilities to monitor their regulatory compliance. We cannot assure you that our CRO customers will be able to pass these inspections at all times. Any failure to comply with existing regulations and industry standards could result in fines or other punitive actions against our CRO customers, the termination of ongoing projects and the disqualification of data for submission to regulatory authorities, each of which could have a material adverse impact on their cooperation with us and may negatively impact our reputation and our business, financial condition, results of operations and prospects.

**Any service interruption or failure in the systems that we use to provide online services or any failure to timely and effectively scale and adapt our existing technologies and infrastructure could harm our business and results of operations.**

We have experienced, and may experience in the future, service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors and hardware failure. While we have disaster recovery plans in place, they might not adequately protect us in the event of a system failure.

In particular, as the number of our users increases and our solutions and services become more complex, it may become increasingly difficult to maintain and improve the performance of our solutions. Our platform infrastructure is currently built on our in-house data center facilities, whose capacity may need to be expanded as our user base continues to grow and our users' demand for services, solution upgrade and operational monitoring continues to increase. We cannot assure you that we will be able to expand the data center facilities to meet the increased infrastructure capacity demand in a timely manner, or on favorable economic terms. Further, we do not have sufficient control over the operation of the data center facilities. Data center facilities leased by us are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, break-ins, sabotage, acts of terrorism, intentional acts of vandalism, operator errors and other similar events or misconducts. Despite precautions taken at these facilities and the disaster recovery plans we maintain, the occurrence of a natural disaster, an act of terrorism or other act of malfeasance, a decision to close the facilities without adequate notice, or other unanticipated problems at these facilities could result in lengthy interruptions in our service and solutions and the loss of data and our business, in which case we may not be able to switch to new data centers or move data from one data center to another on a timely basis, or at all.

Any disruption or failure in our system or the technology infrastructure could hinder our ability to deliver solutions and services, and the day-to-day management of our business, and could result in corruption, loss or unauthorized disclosure of proprietary, confidential or other data, which in turn may harm our reputation and business, entail claims and liabilities and deter prospective customers.

**Failure to comply with anti-corruption laws and regulations, or effectively manage our employees, affiliates and business partners such as healthcare customers and external physicians with whom we collaborate, could severely damage our reputation, and materially and adversely affect our business, financial condition, results of operations and prospects.**

We are subject to risks in relation to actions taken by us, our employees, affiliates, healthcare customers, external physicians with whom we collaborate or other business partners that constitute violations of the anti-corruption laws and regulations. There have been past instances of corrupt practices in the healthcare industry, including, among other things, receipt of kickbacks, bribes or other illegal gains or benefits by hospitals and physicians from manufacturers, distributors and retail pharmacies in connection with the prescription of healthcare products. If we, our employees, affiliates, healthcare customers, external physicians with whom we collaborate or other business partners violate these laws, rules or regulations, we could be subject to fines and/or other penalties. Actions by PRC regulatory authorities or the courts to provide an interpretation of PRC laws and regulations that differs from our interpretation or to adopt additional anti-bribery or anti-corruption related regulations could also require us to make changes to our operations. Our reputation, corporate image, and business operations may be materially and adversely affected if we fail to comply with these measures or become the target of any negative publicity as a result of actions taken by us, our employees, affiliates, healthcare customers, external physicians with whom we collaborate or other business partners, which may in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

**We may be subject to potential liability in connection with pending or threatened legal proceedings, which could adversely affect our business or financial results.**

From time to time, we have become and may in the future become a party to various legal or administrative proceedings arising in the ordinary course of our business, including breach of contract claims and other matters. Such proceedings are inherently uncertain and their results cannot be predicted with certainty. Regardless of the outcome and merit of such proceedings, any such legal action could have an adverse impact on our business because of defense costs, negative publicity, diversion of management's attention and other factors. In addition, it is possible that an unfavorable resolution, including any judgment or settlement subjecting us to liability, of one or more legal or administrative proceedings, whether in the PRC or in another jurisdiction, could materially and adversely affect our business, financial position, results of operations or cash flows in a particular period or damage our reputation.

**We may not be able to prevent unauthorized use of our intellectual property, which could harm our business and competitive position.**

We rely on a combination of copyright, trademark, patent and other intellectual property laws, trade secret protection and confidentiality and invention assignment agreements with our employees and third parties and other measures to protect our intellectual property rights. We have been enriching our intellectual property portfolio. However, there can be no assurance that any of our pending patents, trademarks, software copyrights or other intellectual property applications will issue or be registered. Any intellectual property rights we have obtained or may obtain in the future may not be sufficient to provide us with a competitive advantage, and could be challenged, invalidated, circumvented, infringed or misappropriated.

Despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy or otherwise obtain and use our copyrighted information and other intellectual property. Monitoring for infringement or other unauthorized use of our intellectual property rights is difficult and costly, and such monitoring may not be effective. From time to time, we may have to resort to courts or administrative proceedings to enforce our intellectual property rights, which may result in substantial cost and diversion of resources. The PRC has historically afforded less protection to a company's intellectual property than other developed regions such as the United States and, therefore, companies such as ours operating in the PRC face an increased risk of intellectual property piracy.

**From time to time we may evaluate and potentially consummate strategic investments or acquisitions, which could require significant management attention, disrupt our business and adversely affect our financial results.**

We may evaluate and consider strategic investments, combinations, acquisitions or alliances to enhance our competitive position. These transactions could be material to our financial condition and results of operations if consummated. If we are able to identify an appropriate business opportunity, we may not be able to successfully consummate the transaction and, even if we do consummate such a transaction, we may be unable to obtain the benefits or avoid the difficulties and risks of such transaction, which may result in investment losses.

Strategic investments or acquisitions will involve risks commonly encountered in business relationships, including:

- difficulties in assimilating and integrating the operations, personnel, systems, data, technologies, products and services of the acquired business;

- inability of the acquired technologies, products or businesses to achieve expected levels of revenue, profitability, productivity or other benefits including the failure to successfully further develop the acquired technology;
- difficulties in retaining, training, motivating and integrating key personnel;
- diversion of management's time and resources from our normal daily operations and potential disruptions to our ongoing businesses;
- strain on our liquidity and capital resources;
- difficulties in executing intended business plans and achieving synergies from such strategic investments or acquisitions;
- difficulties in maintaining uniform standards, controls, procedures and policies within the overall organization;
- difficulties in retaining relationships with existing suppliers and other partners of the acquired business;
- risks of entering markets in which we have limited or no prior experience;
- regulatory risks, including remaining in good standing with existing regulatory bodies or receiving any necessary pre-closing or post-closing approvals, as well as being subject to new regulators with oversight over an acquired business;
- assumption of contractual obligations that contain terms that are not beneficial to us, require us to license or waive intellectual property rights or increase our risk for liability;
- liability for activities of the acquired business before the acquisition, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities; and
- unexpected costs and unknown risks and liabilities associated with strategic investments or acquisitions.

Any future investments or acquisitions may not be successful, may not benefit our business strategy, may not generate sufficient revenues to offset the associated acquisition costs or may not otherwise result in the intended benefits.

**The continued and collaborative efforts of our senior management and other highly specialized personnel are crucial to our success, and our business may be harmed if we lose their services.**

Our success and the execution of our growth strategy depend largely on the continued service of our senior management and key employees. The loss of any members of our management team or other key personnel could have a negative impact on our ability to manage and grow our business effectively. We cannot assure you that in such an event we would be able to replace any member of our management team in a timely manner, or at all, on acceptable terms. Competition for management and key personnel is intense and the pool of qualified candidates is limited. We may not be able to retain the services of our executives or key personnel, or attract and retain experienced executives or key personnel in the future. If any of our executive officers or key employees joins a competitor or forms a competing business, we may lose crucial business secrets, know-hows, customers and other valuable resources.

Our future success and the execution of our growth strategy also depend largely on our continuing ability to identify, hire, develop, motivate and retain highly specialized personnel, including software engineers, AI and data analytics experts, quality professionals with medical education background or experience, in-house journalists, editorial staff and skilled employees in the areas of technology, managerial, editorial, finance, marketing, sales and customer service. Our competitors, employers in other industries, healthcare providers, academic institutions and governmental entities and organizations also often seek persons with similar qualifications. Qualified individuals are in high demand, and we cannot assure you that we will be able to hire or retain a sufficient number of qualified personnel to meet our requirements, or that we will be able to do so at salary and benefit costs that are acceptable to us.

**If we fail to maintain adequate internal controls or fail to detect or prevent fraud and employee misconduct, we may not be able to effectively manage our business and may experience errors or information lapses affecting our business.**

Prior to the Global Offering, we were a private company with limited accounting personnel and other resources with which to address our internal controls and procedures. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud or other misconduct involving our employees and other third parties that had a 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 the future. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements, which would likely cause investors to lose confidence in

our reported financial information. This could in turn limit our access to capital markets, harm our results of operations and lead to a decline in the trading price of our Shares. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets, regulatory investigations and civil or criminal sanctions. We have invested, and will continue to invest, substantial efforts and resources in maintaining an effective internal control system and monitoring and remedying any weakness we identify in connection therewith. There is no assurance, however, we will be able to spot and eliminate all weaknesses in our internal control system on a timely basis.

**We have limited business insurance coverage, which could expose us to significant costs and business disruption.**

We maintain various insurance policies to safeguard against risks and unexpected events. However, we do not maintain business interruption insurance or key-man insurance or any insurance covering liabilities resulting from misconducts or illegal activities committed by our employees or users. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

In addition, we are subject to laws, rules, and regulations relating to insurance coverage which could result in proceedings or actions against us by governmental entities or others. Any failure, or perceived failure, by us to comply with laws, rules, and regulations or contractual obligations relating to insurance coverage could result in proceedings or actions against us by governmental entities or others. These lawsuits, proceedings, or actions may subject us to significant penalties and negative publicity, require us to increase our insurance coverage, require us to amend our insurance policy disclosure, increase our costs, and disrupt our business.

**Failure to make adequate contributions to various government-sponsored employee benefits plans as required by PRC regulations may subject us to penalties.**

Companies operating in China are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, complete related registration with the competent authorities and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. The requirements of employee benefit plans have not been implemented consistently by the local governments in China given the different levels of economic development in different locations. Historically, we did not complete

the relevant employee benefit plan registrations for our Consolidated Affiliated Entities in China either because the relevant Consolidated Affiliated Entity did not have any employee or made the social insurance and housing fund contributions through labor agents, and our contributions to social insurance and housing fund for our employees may be found inadequate under PRC law. We recorded RMB10.6 million as other payables and accruals in our financial statements to reflect our estimation of the total amount of historical shortfall as of December 31, 2020. Pursuant to relevant PRC laws and regulations, we may be ordered by the relevant government authorities to pay the historical shortfall amount within a prescribed period and the historical shortfall in social insurance contributions shall be subject to a late fee of 0.05% per day from the due date. If we fail to make a payment within the prescribed period, we may face an additional fine ranging between one to three times the historical shortfall in social insurance contributions. Pursuant to relevant PRC laws and regulations, if there is a failure to pay the full amount of housing provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. As of the date of this prospectus, we have not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from the relevant governmental authorities for our historical shortfall in social insurance and housing fund contribution. Our PRC Legal Adviser is of the opinion that the risk of us being subject to such fine is low provided that we make the payment within the prescribed period. However, we cannot assure you that local authorities will not impose late fees, pecuniary penalties or other administrative actions on us for our noncompliance. If local authorities determine that we failed to make adequate contributions to any employee benefits as required by relevant PRC regulations, we may face late fees or fines in relation to the underpaid employee benefits. In addition, our provision for these liabilities may not be adequate. As a result, our financial condition and results of operations may be materially and adversely affected.

**We have granted and will continue to grant share incentives, which will result in share-based compensation expenses and negatively impact our results of operations.**

We have adopted the Pre-IPO Share Option Scheme and conditionally adopted the Post-IPO Share Option Scheme. Pursuant to the Pre-IPO Share Option Scheme, Pre-IPO Share Options to purchase a total of 26,754,000 Shares have been granted to 62 Grantees on April 2, 2021. The implementation of the Post-IPO Share Option Scheme is conditional on the Listing. The maximum number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes (the "**Other Schemes**") of our Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date, being 69,017,600 Shares, or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion (the "**Scheme Mandate Limit**"). We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based

compensation to employees in the future. As a result, we will incur expenses associated with share-based compensation, which will have an adverse effect on our results of operations. Assuming the maximum number of Shares that can be issued upon the full exercise of the Pre-IPO Share Options had been in issue throughout the year ended December 31, 2020 and that the Share Subdivision of one share into 1,000 Shares had been implemented, there would be a dilution effect of approximately 4.76% on the audited basic and diluted earnings per Share attributable to ordinary equity holders of the parent for the year ended December 31, 2020 from RMB15.92 cents to RMB15.16 cents. We estimate that we will recognize share-based compensation expenses in amount of RMB14.3 million in the year ending December 31, 2021.

**We may not be able to obtain additional capital when desired, on favorable terms or at all.**

We may require additional cash resources if we incur operating losses or for future growth and development of our business, including any investments or acquisitions we may decide to pursue. If our cash resources are insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets and the PRC governmental regulations over foreign investment and the PRC healthcare industry, including the Internet healthcare industry. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations. There can be no assurance that financing would be available in a timely manner or in amounts or on terms favorable to us, or at all. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity as well as have a material adverse effect on our business, financial condition and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to our existing shareholders.

**Certain of our leased property interests may be defective, which could cause disruption to our business.**

As of the Latest Practicable Date, we operated our businesses primarily through seven leased properties in Beijing, Shanghai and certain other cities in China. Six of our lease agreements in the PRC, all of which are for our office premises, have not been filed with competent governmental authority. According to the applicable PRC laws, the failure to file the lease agreement will not affect its effectiveness between the tenant and the landlord, however, the landlord and the tenant may be subject to administrative fines for such failure to file the lease. Accordingly, we may be subject to administrative fines of up to RMB60,000 in aggregate for the failure to file the lease agreements. Also, in the event that the actual use of our leased properties is inconsistent with the use registered on the land use right certificate or our leased properties are on allocated land (劃撥

土地), the competent authorities may require the lessors to return the land and impose fines on the lessors, or confiscate the proceeds from the leasing of the properties and imposed fines on the lessor if such properties are leased without their consent or handing in such income, as applicable. We can provide no assurance that we will not be subject to the aforementioned penalties as a lessee to the properties, and the relevant lease agreements may be deemed to be in breach of the law and therefore be void.

As of the Latest Practicable Date, we were not aware of any action, claim or investigation being conducted or threatened by the competent government authorities with respect to the defects in our leased properties. However, we cannot assure you that our use of such leased properties will not be challenged. In the event that our use of properties is successfully challenged, we may be subject to fines and forced to relocate the affected operations. In addition, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties. As a result, our business, financial condition and results of operations may be materially and adversely affected.

**We may not be able to realize and recover the full amount of the contract assets.**

Our contract assets are initially recognized for the revenue earned from our provision of precision marketing solutions, corporate solutions and intelligent patient management solutions as the receipt of consideration for our services is conditional on the successful completion of our provision of services. Upon completion of our provision of services, the amounts recognized as contract assets are reclassified as trade receivables. We recorded contract assets of approximately RMB11.1 million, RMB23.3 million, RMB15.8 million as of December 31, 2018, 2019 and 2020, respectively. See "Financial Information — Discussion of Certain Key Balance Sheet Items — Current Assets/Liabilities — Contract Assets." There is no assurance that we will be able to realize and recover the full amount of contract assets as we may not be able to perform our services or the operation and liquidity condition of our customers may change, or they may dispute the services we provided, which will result in impairment of such contract assets. If we fail to realize and recover the full amount of contract assets, our results of operations, liquidity and financial position may be adversely affected.

**If we fail to collect trade receivables from our customers in a timely manner, our business, results of operations and financial condition may be materially and adversely affected.**

We typically extend credit terms to our large customers that result in trade receivables. As of December 31, 2020, the balance of our trade receivables was RMB42.5 million. We usually make credit assessment of our customers before entering into service agreements. However, we cannot assure you that we are or will be able to accurately assess the creditworthiness of each of our customers before entering into agreements or extending credit terms, neither can we guarantee that each of these customers will be able to strictly follow and enforce the payment schedules provided in the agreements. Any inability of our customers to pay us in a timely manner may adversely affect our liquidity and cash flows, which in turn has a material adverse effect on our business operations and financial condition.

**We may not be able to fulfill our obligations in respect of contract liabilities which may in turn impact our results of operation, liquidity and financial position.**

We recognize a contract liability when we receive a payment or when a payment is due (whichever is earlier) from a customer before we provide the related services. Contract liabilities are then reclassified as revenue when we perform our services under the contract, which means transferring control of the related goods or services to the customer. Our contract liabilities increased from RMB4.5 million as of December 31, 2018 to RMB6.0 million as of December 31, 2019, and further increased to RMB16.9 million as of December 31, 2020. See "Financial Information — Discussion of Certain Key Balance Sheet Items — Current Assets/Liabilities — Other Payables and Accruals." If we fail to fulfill our obligations or if our customers dispute the services we provided, we may not be able to reclassify the full amount of contract liabilities as revenue, and we will have to refund all or a portion of the payments made by our customers, which will adversely affect our results of operations, liquidity and financial position.

**We face exposure to fair value change for financial assets at fair value through profit or loss and valuation uncertainty due to the use of unobservable inputs.**

We purchased financial assets at fair value through profit or loss in the amount of RMB132.0 million in 2020, which were short-term structured deposit products with maturity ranging from 30 days to 95 days. We may continue to make such investment as part of our cash management and treasury measures and therefore may face exposure to fair value change for the financial assets at fair value through profit or loss. We cannot assure you that we can recognize comparable fair value gains in the future, and we may, on the contrary, recognize fair value losses, which would affect our results of operations for future periods. In addition, the valuation of fair value changes of financial assets at fair value through profit or loss is subject to uncertainties in estimations. Such estimated changes in fair values involve the exercise of professional judgment and the use of

certain bases, assumptions and unobservable inputs, which, by their nature, are subjective and uncertain. As such, the financial assets at fair value through profit or loss valuation has been, and will continue to be, subject to uncertainties in estimations, which may not reflect the actual fair value of these financial assets and result in significant fluctuations in profit or loss from period to period.

**We face risks related to natural disasters, health epidemics and other outbreaks, such as the outbreak of COVID-19, which could significantly disrupt our operations.**

Our business could be materially and adversely affected by the outbreak of a widespread health epidemic, such as COVID-19, swine flu, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, Zika, adverse weather conditions or natural disasters, such as snowstorms, earthquakes, fires or floods, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments in China or elsewhere in the world could materially disrupt our business and operations. These events could also significantly impact the industries we operate in and cause a temporary closure of the facilities we use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.

In recent years, there have been breakouts of epidemics in China and globally. The outbreak of a novel strain of coronavirus, later named COVID-19, has affected China and many parts of the world. In response to intensifying efforts to contain the spread of the coronavirus, the Chinese government took a number of actions, which included, among other measures, extending the Chinese New Year holiday, quarantining individuals in China who had the COVID-19, asking citizens to remain at home and to avoid gathering in public. The COVID-19 has also resulted in temporary closures of many corporate offices, manufacturing facilities and factories across China. We adjusted our operations and instructed some of our employees to stay at their homes and work from home during the COVID-19 outbreak. The global spread of COVID-19 pandemic in a significant number of countries around the world has resulted in, and may intensify, global economic distress, and the duration and extent of the impact of COVID-19 outbreak cannot be reasonably estimated at this time. The extent to which it may affect our results of operations, financial condition and cash flow will depend on the future developments of the outbreak, which are highly uncertain and cannot be predicted. Such uncertainty poses operational challenges to our service offerings. Our operations could be disrupted if any of our employees or employees of our business partners were suspected of contracting an epidemic disease, since this could require us or our business partners to quarantine some or all of these employees or disinfect the facilities used for our operations. In addition, our revenues and profitability could be materially reduced to the extent that a health epidemic, adverse weather conditions or natural disaster or other outbreak harms the global or Chinese economy in general.

## RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

**If the PRC government finds that the agreements that establish the structure for operating our operations in China do not comply with applicable PRC laws and regulations, or if these laws and regulations or the interpretation of existing laws and regulations change in the future, we could be subject to severe consequences, including the nullification of the contractual arrangements and being forced to relinquish our interests in those operations.**

Foreign ownership in entities that provide Internet and other related businesses, including the value-added telecommunication services, is subject to restrictions under current PRC laws and regulations, unless certain exceptions are available. We are a company incorporated in the Cayman Islands and our PRC subsidiaries are considered foreign-invested enterprises. Accordingly, we and our PRC subsidiaries are not eligible to provide Internet information services and other value-added telecommunication business subject to foreign ownership restriction under PRC laws and regulations. To ensure compliance with the PRC laws and regulations, we conduct certain of our business lines in China through our Consolidated Affiliated Entities incorporated in China. We have entered into contractual arrangements with the Yimaihutong and its shareholders, through which we obtain effective control over Yimaihutong and substantially all of the economic benefits arising from Yimaihutong and are able to consolidate the financial results of Yimaihutong in our results of operations. See "Contractual Arrangements."

In the opinion of our PRC Legal Adviser, based on its understanding of the relevant PRC laws and regulations, each of the contracts among Jinye Tiancheng, Yimaihutong and the Registered Shareholders is legal, valid, binding and enforceable under applicable PRC laws and regulations and the provisions of the articles of associations of Jinye Tiancheng and Yimaihutong, except that (a) the Contractual Arrangements provide that the arbitral body may award remedies over the shares and/or assets or award injunctive relief and/or order the winding up of Yimaihutong, and that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal or in appropriate cases, while under PRC laws and regulations, an arbitral body has no power to grant injunctive relief or to order an entity to wind up, and the aforesaid interim remedies granted by competent courts may not be recognizable or enforceable in the PRC; and (b) the Contractual Arrangements provide that the Registered Shareholders undertake to appoint committees designated by Jinye Tiancheng as the liquidation committee upon the winding up of Yimaihutong to manage their respective assets; however, in the event of a mandatory liquidation required by PRC laws and regulations, these provisions may not be enforceable. Our PRC Legal Adviser has also advised that there are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. The relevant PRC regulatory authorities have broad discretion in determining whether a particular contractual structure violates PRC laws and regulations. Thus, we cannot assure you that the PRC government will not ultimately take a view contrary to the opinion

of our PRC Legal Adviser. If we are found in violation of any PRC laws or regulations or if the Contractual Arrangements among our wholly foreign-owned PRC subsidiaries, Yimaihutong and its shareholders are determined as illegal or invalid by any PRC court, arbitral tribunal or regulatory authorities, the relevant governmental authorities would have broad discretion in dealing with such violation, including, without limitation:

- revoke the agreements constituting the Contractual Arrangements;
- revoke our business and operating licenses;
- require us to discontinue or restrict operations;
- restrict our right to collect revenue;
- restrict or prohibit our use of the proceeds from our public offering to fund our business and operations in China;
- shut down all or part of our websites or services;
- levy fines on us and/or confiscate the proceeds that they deem to have been obtained through non-compliant operations;
- require us to restructure the operations in such a way as to compel us to establish a new enterprise, re-apply for the necessary licenses or relocate our businesses, staff and assets;
- impose additional conditions or requirements with which we may not be able to comply; or
- take other regulatory or enforcement actions that could be harmful to our business.

Furthermore, any of the assets under the name of any record holder of equity interest in Yimaihutong, including such equity interest, may be put under court custody in connection with litigation, arbitration or other judicial or dispute resolution proceedings against that record holder. We cannot be certain that the equity interest will be disposed of in accordance with the Contractual Arrangements. In addition, new PRC laws, rules and regulations may be introduced to impose additional requirements that may impose additional challenges to our corporate structure and Contractual Arrangements. The occurrence of any of these events or the imposition of any of these penalties may result in a material and adverse effect on our ability to conduct Internet-related businesses. In addition, if the imposition of any of these penalties causes us to be unable to direct

the activities of our Consolidated Affiliated Entities or the right to receive their economic benefits, we would no longer be able to consolidate our Consolidated Affiliated Entities into our financial statements, which could materially and adversely affect our financial condition and results of operations. In this case, we may also face the risk that the Stock Exchange may consider our Company to be no longer suitable for listing and consequently delist our Shares.

**Our Contractual Arrangements may not be as effective in providing operational control as direct ownership.**

We operate a majority of our business in China through our Consolidated Affiliated Entities, in which we have no ownership interest and rely on the Contractual Arrangements with Yimaihutong and its shareholders to control and operate these businesses. A portion of our revenue and cash flow from our business is attributed to our Consolidated Affiliated Entities. The Contractual Arrangements may not be as effective as direct ownership in providing us with control over Yimaihutong. Direct ownership would allow us, for example, to directly or indirectly exercise our rights as a shareholder to effect changes in the boards of directors of Yimaihutong, which, in turn, could effect changes, subject to any applicable fiduciary obligations at the management level. However, under the Contractual Arrangements, as a legal matter, if Yimaihutong and its shareholders fail to perform their respective obligations under the Contractual Arrangements, we may have to (i) incur substantial costs, (ii) expend significant resources to enforce those arrangements, and (iii) resort to litigation or arbitration and rely on legal remedies under PRC laws. These remedies may include seeking specific performance or injunctive relief and claiming damages, any of which may not be effective. In the event we are unable to enforce the Contractual Arrangements or we experience significant delays or other obstacles in the process of enforcing the Contractual Arrangements, we may not be able to exert effective control over Yimaihutong and may lose control over the assets owned by Yimaihutong. As a result, we may be unable to consolidate our Consolidated Affiliated Entities in our consolidated financial statements, which could materially and adversely affect our financial condition and results of operations.

**Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could negatively affect our financial condition and the value of your investment.**

The tax regime in China is rapidly evolving, and there is significant uncertainty for taxpayers in China as PRC tax laws may be interpreted in significantly different ways. The PRC tax authorities may assert that we or our subsidiaries or Yimaihutong or its shareholders owe and/or are required to pay additional taxes on previous or future revenue or income. In particular, under applicable PRC laws, rules and regulations, arrangements and transactions among related parties, such as the Contractual Arrangements with Yimaihutong, may be subject to audit or challenge by the PRC tax authorities. If the PRC tax authorities determine that any Contractual Arrangements

were not entered into on an arm's length basis and therefore constitute a favorable transfer pricing, the PRC tax liabilities of the relevant subsidiaries and/or Yimaihutong and/or equity holders of Yimaihutong could be increased, which could increase our overall tax liabilities. In addition, the PRC tax authorities may impose late payment interest. Our profit may be materially reduced if our tax liabilities increase.

**Our current corporate structure and business operations may be affected by the Foreign Investment Law.**

The control structure through contractual arrangements has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. The MOFCOM published the Foreign Investment Law (2015 Draft) in January 2015, according to which, variable interest entities that are controlled via contractual arrangements would also be deemed as foreign-invested entities, if they are ultimately "controlled" by foreign investors. On March 15, 2019, the NPC promulgated the Foreign Investment Law (2019), and on December 31, 2019, the State Council promulgated the Implementing Rules of Foreign Investment Law, or the Implementing Rules, to further clarify and elaborate the relevant provisions of the Foreign Investment Law (2019). The Foreign Investment Law (2019) and the Implementing Rules both became effective from January 1, 2020 and replaced the major previous laws and regulations governing foreign investments in the PRC. Since they are relatively new, uncertainties exist in relation to their interpretation and implementation. The Foreign Investment Law and the Implementing Rules do not explicitly classify whether variable interest entities that are controlled through contractual arrangements would be deemed as foreign invested enterprises if they are ultimately "controlled" by foreign investors. However, the Foreign Investment Law has a catch-all provision under definition of "foreign investment" that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations or the State Council. Therefore it still leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment, until when it remains uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment in the PRC and if yes, how our Contractual Arrangements should be dealt with.

The Foreign Investment Law (2019) grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either "restricted" or "prohibited" from foreign investment in the Special Administrative Measures (Negative List) for Foreign Investment Access jointly promulgated by MOFCOM and the NDRC and took effect in July 23, 2020. The Foreign Investment Law provides that foreign-invested entities are not allowed to operate in "prohibited" industries and their operating in "restricted" industries shall satisfy certain conditions and will require market entry clearance and other approvals from relevant PRC government authorities. On December 26, 2019, the Supreme People's Court issued the

Interpretations on Certain Issues Regarding the Applicable of Foreign Investment Law, or the FIL Interpretations, which came into effect on January 1, 2020. In accordance with the FIL Interpretations, any claim to invalidate an investment agreement will be supported by courts if such agreement is found to be entered into for purposes of making investments in the "prohibited industries" under the negative list or for purposes of investing in "restricted industries" while failing to satisfy the conditions set out in the negative list. If our control over Yimaihutong through Contractual Arrangements are deemed as foreign investment in the future, and any business of our Consolidated Affiliated Entities is "restricted" or "prohibited" from foreign investment under the "negative list" effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the Contractual Arrangements that allow us to have control over Yimaihutong may be deemed as invalid and illegal, and we may be required to unwind such Contractual Arrangements and/or restructure our business operations, any of which may have a material adverse effect on our business operations.

Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to the Contractual Arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

**Any failure by Yimaihutong or its shareholders to perform their obligations under our Contractual Arrangements with them would have a material adverse effect on our business.**

If Yimaihutong or its shareholders fail to perform their respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective under PRC law. For example, if the shareholders of Yimaihutong were to refuse to transfer their equity interests in Yimaihutong to us or our designee if we exercise the purchase option pursuant to the Contractual Arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our Contractual Arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce the Contractual Arrangements. See "— Risks Relating to

Doing Business in China — Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us." Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a consolidated variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such proceeding if legal action becomes necessary. In addition, under PRC law, although rulings by arbitrators are final, if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only resort to PRC courts for enforcement of the arbitration awards through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce the Contractual Arrangements, or if we suffer significant delay or other obstacles in the process of enforcing the Contractual Arrangements, we may not be able to exert effective control over Yimaihutong, and our ability to conduct our business may be negatively affected.

In addition, the shareholders of Yimaihutong may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in Yimaihutong and the validity or enforceability of our Contractual Arrangements with Yimaihutong and its shareholders. For example, in the event that any of the shareholders of Yimaihutong divorces his or her spouse, the spouse may claim that the equity interest of Yimaihutong held by such shareholder is part of their community property and should be divided between such shareholder and his or her spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the shareholder's spouse or another third party who is not subject to obligations under our Contractual Arrangements, which could result in a loss of the effective control over Yimaihutong by us. Similarly, if any of the equity interests of Yimaihutong is inherited by a third party with whom the current Contractual Arrangements are not binding, we could lose our control over Yimaihutong or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to our business and operations and harm our financial condition and results of operations.

**We may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by our Consolidated Affiliated Entities if any of our Consolidated Affiliated Entities declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.**

Our Consolidated Affiliated Entities contribute a portion of our revenues, and hold the majority of our operational assets and licenses, approvals and assets that are necessary for the operation of our business. The Contractual Arrangements contain terms that specifically obligate the equity holders of Yimaihutong to ensure the valid existence of Yimaihutong and restrict the disposition of material assets or any equity interest of Yimaihutong. However, in the event the equity holders of Yimaihutong breach the terms of the Contractual Arrangements and voluntarily liquidate Yimaihutong, or Yimaihutong declares bankruptcy and all or part of its assets become

subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to operate some or all of our business or otherwise benefit from the assets held by our Consolidated Affiliated Entities, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, if Yimaihutong undergoes a voluntary or involuntary liquidation proceeding, its equity holders or unrelated third-party creditors may claim rights to some or all of the assets of Yimaihutong, thereby hindering our ability to operate our business as well as constraining our growth.

**The shareholders of Yimaihutong may have potential conflicts of interest with us.**

The shareholders of Yimaihutong may have actual or potential conflicts of interest with us. These shareholders may breach, or cause Yimaihutong to breach, or refuse to renew, the Contractual Arrangements we have with them and Yimaihutong, which would have a material and adverse effect on our ability to effectively control Yimaihutong and receive economic benefits from them. For example, the shareholders may be able to cause our agreements with Yimaihutong to be performed in a manner adverse to us by, among other things, failing to remit payments due under the Contractual Arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company, except that we could exercise our purchase option under the exclusive option agreements with these shareholders to request them to transfer all of their equity interests in Yimaihutong to us or our designated person(s), to the extent permitted by PRC law. For individuals who are also our directors and officers, we rely on them to abide by the laws of the Cayman Islands, which provide that directors and officers owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gains. The shareholders of Yimaihutong have executed the shareholders' rights entrustment agreement to appoint Jinye Tiancheng or a natural person designated by Jinye Tiancheng to exercise all of its rights and powers as a shareholder of Yimaihutong. If we cannot resolve any conflict of interest or dispute between us and the shareholders of Yimaihutong, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

**We do not have any insurance which covers the risks relating to the Contractual Arrangements and the transactions contemplated thereunder.**

Our insurance does not cover the risks relating to the Contractual Arrangements and the transactions contemplated thereunder, and we have no intention to purchase any new insurance in this regard. If any risk arises from the Contractual Arrangements in the future, such as those affecting the enforceability of the contracts among Jinye Tiancheng, Yimaihutong and the Registered Shareholders, our financial condition and results of operations may be adversely affected.

## RISKS RELATING TO DOING BUSINESS IN CHINA

**PRC economic, political and social conditions as well as government policies could adversely affect our business and prospects.**

Substantially all of our assets and operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by economic, political and social conditions in China generally. The PRC economy differs from the economies of most developed countries in many respects, including the level of development, growth rate, level of government involvement and control of foreign exchange and allocation of resources. The PRC government exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies. In addition, the PRC government continues to play a significant role in regulating industry development by imposing relevant industrial policies.

While the PRC economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. In addition, the rate of growth has been slowing since 2012, and the impact of COVID-19 on the Chinese and global economies in 2020 and 2021 is likely to be severe. Any adverse changes in economic conditions in China, in the policies of the PRC government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to reduction in demand for our solutions and services and adversely affect our competitive position. The PRC government has implemented various measures to encourage economic growth 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. In addition,

in the past the PRC government has implemented certain measures, including interest rate adjustment, 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 operations.

**PRC laws and regulations establish more complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.**

A number of PRC laws and regulations, including the M&A Rules, the Anti-monopoly Law promulgated by the SCNPC in August 2007, the Notice of the General Office of State Council on Establishment of Security Review System Pertaining to Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated by the General Office of the State Council in February 2011, and the Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated by MOFCOM in August 2011, have established procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex. These include requirements in some instances that the approval from MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control review or security review.

We may also develop our business by acquiring complementary businesses in addition to via organic growth. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

**Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.**

The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which legal cases have limited value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing

economic matters in general. The overall effect of legislation over the past three decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China. Our PRC subsidiaries and Consolidated Affiliated Entities are subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, 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. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

**Any failure or perceived failure by us to comply with the enacted version of the Draft Guideline and other anti-monopoly laws and regulations may result in governmental investigations or enforcement actions, litigation or claims against us and could have an adverse effect on our business, financial condition and results of operations.**

The PRC anti-monopoly enforcement agencies have in recent years strengthened enforcement under the Anti-monopoly Law of PRC (中華人民共和國反壟斷法). In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the MOFCOM, the NDRC and the SAIC, respectively. Since its inception, the SAMR has continued to strengthen anti-monopoly enforcement. On December 28, 2018, the SAMR issued the Notice on Anti-monopoly Enforcement Authorization (關於反壟斷執法授權的通知), which grants authorities to its province-level branches to conduct antimonopoly enforcement within their respective jurisdictions. On September 11, 2020, the SAMR issued Anti-monopoly Compliance Guideline for Operators (經營者反壟斷合規指南), which requires, under the Anti-monopoly Law of the PRC, operators to establish anti-monopoly compliance management systems to prevent anti-monopoly compliance risks. In November 2020, the SAMR published a discussion draft of the Guideline on Anti-monopoly of Platform Economy Sector (關於平台經濟領域的反壟斷指南(徵求意見稿)), or the Draft Guideline, aiming to improve anti-monopoly administration on online platforms. The released Draft

Guideline, if enacted, will operate as a compliance guidance under the existing PRC antimonopoly laws and regulations for platform economy operators. The Draft Guideline intends to regulate abuse of a dominant position and other anti-competitive practices by online platform operators and the related merchants and service providers on online platforms. Pursuant to the Draft Guideline, representative examples of abuse of dominance include unfairly locking in exclusive agreements with merchants and targeting specific customers with unreasonable big-data driven tailored pricing through their online behavior to eliminate or limit market competition.

The Draft Guideline was released for public comment only, and its operative provisions and the anticipated adoption or effective date may be subject to change with substantial uncertainty. Although it is impossible to predict the impact of the Draft Guideline, if any, at this stage, we will closely monitor and assess the trajectory of the rule-making process. In the event that a final version of the Draft Guideline is adopted and in light of the substantial uncertainty over the Draft Guideline, we may face challenges in addressing its requirements and making necessary changes to our policies and practices, and may incur significant costs and expenses in an effort to do so. Any failure or perceived failure by us to comply with the enacted version of the Draft Guideline and other anti-monopoly laws and regulations may result in governmental investigations or enforcement actions, litigation or claims against us and could have an adverse effect on our business, financial condition and results of operations.

**PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.**

The Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or SAFE Circular 75, requires PRC residents to register with the relevant local branch of SAFE before establishing or controlling any company outside of China, referred to as an offshore special purpose company, for the purpose of raising funds from overseas to acquire or exchange the assets of, or acquiring equity interests in, PRC entities held by such PRC residents and to update such registration in the event of any significant changes with respect to that offshore company. SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, in July 2014, which replaced SAFE Circular 75. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as

a "special purpose vehicle." The term "control" under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period; or any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. In February 2015, SAFE issued the Circular on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on Direct Investment, or SAFE Circular 13, which took effect on June 1, 2015. SAFE Circular 13 has delegated to the qualified banks the authority to register all PRC residents' investment in "special purpose vehicle" pursuant to SAFE Circular 37, except that those PRC residents who have failed to comply with SAFE Circular 37 will remain to fall into the jurisdiction of the local SAFE branch and must make their supplementary registration application with the local SAFE branch.

We have requested PRC residents who we know hold direct or indirect interest in our Company to make the necessary applications, filings and amendments as required under SAFE Circular 75 and other related rules. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our Company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements under SAFE Circular 75 or other related rules. The failure or inability of our PRC resident shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, restrict our cross-border investment activities, limit the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us, and we may also be prohibited from injecting additional capital into these subsidiaries. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

**We may be classified as a "PRC resident enterprise" for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our Shareholders and have a material adverse effect on our results of operations and the value of your investment.**

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall and substantial management of the business, productions, personnel, accounts and properties of an enterprise. In 2009, the SAT issued a circular, or SAT Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location where senior management personnel and departments that are responsible for the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that neither we nor our offshore subsidiary is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If the PRC tax authorities determine that we and/or our offshore subsidiary are a PRC resident enterprise for enterprise income tax purposes, we and/or our offshore subsidiary will be subject to the uniform 25% enterprise income tax on our world-wide income, which could materially reduce our net income. In addition, we and/or our offshore subsidiary will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of our Shares may be subject to PRC tax, and dividends we pay may be subject to PRC withholding tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty). It is unclear whether non-PRC Shareholders of our

company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Shares.

**You may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our Shares.**

Under the EIT Law, and its implementation rules, PRC withholding tax at the rate of 10% is generally applicable to dividends from PRC sources paid to investors that are resident enterprises outside of China, which do not have an establishment or place of business in China, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% PRC income tax if such gain is regarded as income derived from sources within China. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC income tax. Any such PRC tax liability may be reduced by the provisions of an applicable tax treaty.

As discussed above under "— We may be classified as a "PRC resident enterprise" for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our Shareholders and have a material adverse effect on our results of operations and the value of your investment," we may be considered a PRC resident enterprise. As substantially all of our business operations are in China, it is unclear whether dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, would be treated as income derived from sources within China and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

In addition, pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income, or the Double Tax Avoidance Arrangement and the Notice of the State Taxation Administration on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued on February 20, 2009 by SAT, if a Hong Kong resident enterprise owns more than 25% of the equity interest in a PRC company at all times during the twelve-month period immediately prior to obtaining a dividend from such company, the 10% withholding tax on dividends is reduced to 5% provided certain other conditions and requirements under the Double Tax Avoidance Arrangement and other

applicable PRC laws are satisfied at the discretion of the relevant PRC tax authority. However, based on the Notice of the State Taxation Administration on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, the PRC tax authorities may adjust the preferential tax treatment. Based on the Notice of the State Taxation Administration on the Recognition of Beneficial Owners in Tax Treaties, or Circular 9, issued on February 3, 2018 by SAT and effective from April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of his or her income in twelve months to residents in a third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levies tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. If our Hong Kong subsidiary is determined by PRC government authorities as receiving benefits from reduced income tax rates due to a structure or arrangement that is primarily tax-driven, it would materially and adversely affect the amount of dividends.

**We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies, and the heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us.**

The SAT has issued several rules and notices to tighten the scrutiny over acquisition transactions in recent years, including the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises issued in December 2009, or SAT Circular 698, the Notice on Several Issues Regarding the Income Tax of Non-PRC Resident Enterprises promulgated issued in March 2011, or SAT Circular 24, and the Notice on Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-PRC Resident Enterprises issued in February 2015, or SAT Circular 7. Pursuant to these rules and notices, if a non-PRC resident enterprise indirectly transfers PRC taxable properties, referring to properties of an establishment or a place in the PRC, real estate properties in the PRC or equity investments in a PRC tax resident enterprise, by disposing of equity interest in an overseas holding company, such indirect transfer should be deemed as a direct transfer of PRC taxable properties and gains derived from such indirect transfer may be subject to the PRC withholding tax at a rate of up to 10%. SAT Circular 7 sets out several factors to be taken into consideration by tax authorities in determining whether an indirect transfer has a reasonable commercial purpose. An indirect transfer satisfying all the following criteria will be deemed to lack reasonable commercial purpose and be taxable

under PRC law: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from the PRC taxable properties; (ii) at any time during the one-year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in the PRC, or 90% or more of its income is derived directly or indirectly from the PRC; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries that directly or indirectly hold the PRC taxable properties are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the PRC taxable properties is lower than the potential PRC income tax on the direct transfer of such assets. Nevertheless, the indirect transfer falling into the safe harbor available under SAT Circular 7 may not be subject to PRC tax and the scope of the safe harbor includes qualified group restructuring as specifically set out in SAT Circular 7, public market trading and tax treaty exemptions.

In October 2017, the SAT released the Public Notice Regarding Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Public Notice 37, effective from December 2017. SAT Public Notice 37 replaced a series of important circulars, including but not limited to SAT Circular 698, and revised the rules governing the administration of withholding tax on China-source income derived by a non-resident enterprise. SAT Public Notice 37 provides for certain key changes to the current withholding regime, for example, the withholding obligation for a non-resident enterprise deriving dividend arises on the date on which the payment is actually made rather than on the date of the resolution that declared the dividends.

Under SAT Circular 7 and SAT Public Notice 37, the entities or individuals obligated to pay the transfer price to the transferor are the withholding agents and must withhold the PRC income tax from the transfer price if the indirect transfer is subject to the PRC enterprise income tax. If the withholding agent fails to do so, the transferor should report to and pay the tax to the PRC tax authorities. In the event that neither the withholding agent nor the transferor fulfills their obligations under SAT Circular 7 and SAT Public Notice 37, according to the applicable law, apart from imposing penalties such as late payment interest on the transferor, the tax authority may also hold the withholding agent liable and impose a penalty of 50% to 300% of the unpaid tax on the withholding agent. The penalty imposed on the withholding agent may be reduced or waived if the withholding agent has submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with SAT Circular 7.

However, as there is a lack of clear statutory interpretation, we face uncertainties on the reporting and consequences on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in our Company by investors that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. Our Company and other non-resident enterprises in our group may be subject

to filing obligations or being taxed if our Company and other non-resident enterprises in our group are transferors in such transactions, and may be subject to withholding obligations if our Company and other non-resident enterprises in our group are transferees in such transactions. For the transfer of shares in our Company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under the rules and notices. As a result, we may be required to expend valuable resources to comply with these rules and notices or to request the relevant transferors from whom we purchase taxable assets to comply, or to establish that our Company and other non-resident enterprises in our group should not be taxed under these rules and notices, which may have a material adverse effect on our financial condition and results of operations. There is no assurance that the tax authorities will not apply the rules and notices to our offshore restructuring transactions where non-PRC residents were involved if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-PRC resident investors may be at risk of being taxed under these rules and notices and may be required to comply with or to establish that we should not be taxed under such rules and notices, which may have a material adverse effect on our financial condition and results of operations or such non-PRC resident investors' investments in us. We may conduct acquisition transactions in the future. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

**Failure to obtain any preferential tax treatments or the discontinuation, reduction or delay of any of the preferential tax treatments that may be available to us in the future could materially and adversely affect our business, financial condition and results of operations.**

Operating in the high-technology industry, Jinye Tiancheng, one of our PRC operating entities, enjoys preferential tax treatment as a high and new technology enterprise according to the prevailing PRC tax laws. For a qualified high and new technology enterprise, the applicable enterprise income tax rate is 15%. The high and new technology enterprise qualification is re-assessed by the relevant authorities every three years. Moreover, a qualified software enterprise is entitled to a tax holiday consisting of a two-year enterprise income tax exemption beginning with the first profit-making calendar year and a 50% enterprise income tax reduction for the subsequent three years. On November 30, 2018, Jinye Tiancheng was qualified as a "high and new technology enterprise" under the relevant PRC laws and regulations. Accordingly, Jinye Tiancheng was entitled to a preferential income tax rate of 15% during the period from November 30, 2018 to November 29, 2021. Jinye Tiancheng plans to file an application to renew the status in 2021. If Jinye Tiancheng fails to maintain its respective qualification under the relevant PRC laws and regulations, its applicable enterprise income tax rates may increase to up to 25%, which could have a material adverse effect on our results of operations.

**Any failure to comply with PRC regulations regarding our employee share incentive plan may subject the PRC plan participants or us to fines and other legal or administrative sanctions.**

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures, unless certain exceptions are available. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or non-PRC citizens living in China for a continuous period of not less than one year and have been granted options will be subject to these regulations when our company becomes an overseas-listed company upon the completion of the Global Offering. Failure to complete SAFE registrations may subject them to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals and may also limit our ability to contribute additional capital into our PRC subsidiary and our PRC subsidiary's ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

In addition, the SAT has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes for those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities.

**We rely to a significant extent on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business or financial condition.**

We are a holding company, and we principally rely on dividends and other distributions on equity that may be paid by our PRC subsidiaries and remittances from our Consolidated Affiliated Entities, for our cash and financing requirements, including the funds necessary to pay dividends

and other cash distributions to the holders of our Shares and service any debt we may incur. If our PRC subsidiaries or our Consolidated Affiliated Entities incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, wholly foreign-owned enterprises in China may pay dividends only out of their retained earnings as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. Our PRC subsidiaries may also allocate a portion of their respective after-tax profits based on PRC accounting standards to discretional reserve funds. These reserve funds are not distributable as cash dividends. Any limitation on the ability of our Consolidated Affiliated Entities to make remittance to our wholly-owned PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

**PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.**

We may transfer funds to our PRC subsidiaries or finance our PRC subsidiaries by means of shareholders' loans or capital contributions, or to our Consolidated Affiliated Entities by means of loans, after completion of the Global Offering. Any loans to our PRC subsidiaries or our Consolidated Affiliated Entities cannot exceed a statutory limit, and shall be filed with SAFE or its local counterparts, and if such loan is with a term of more than one year, must be recorded and registered with the NDRC or its local branches. In addition, any capital contributions we make to our PRC subsidiaries shall be filed with MOFCOM or its local counterparts via the online information reporting system and registered with the SAMR or its local branches. We may not be able to complete these government filings on a timely basis, if at all. If we fail to complete such filings, our ability to provide loans or capital contributions to our PRC subsidiaries in a timely manner may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

In March 2015, SAFE promulgated SAFE Circular 19, which took effect and replaced SAFE Circular 142 from June 1, 2015. On June 9, 2016, SAFE promulgated SAFE Circular 16. SAFE Circular 19 and SAFE Circular 16 removed certain restrictions previously provided under SAFE Circular 142 on the conversion by a foreign-invested enterprise of its capital denominated in

foreign currency into RMB and the use of such RMB and allowed foreign invested enterprises to settle their foreign currency-denominated capital at their discretion based on actual needs of their business operations. However, SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capital for expenditure beyond its business scope, or providing loans to non-associated enterprises. In addition, neither SAFE Circular 19 nor SAFE Circular 16 clarifies whether a foreign-invested enterprise whose business scope does not include equity investment or similar activities may use RMB converted from the foreign currency-denominated capital for equity investments in the PRC. On October 23, 2019, the SAFE issued SAFE Circular 28, which expressly allows foreign-invested enterprises that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investments as long as there is a truthful investment and such investment is in compliance with the foreign investment-related laws and regulations. If our Consolidated Affiliated Entities require financial support from us or our PRC subsidiaries in the future, and we find it necessary to use foreign currency-denominated capital to provide such financial support, our ability to fund our Consolidated Affiliated Entities' operations will be subject to statutory limits and restrictions, including those described above. The applicable foreign exchange circulars and rules may limit our ability to transfer the net proceeds from the Global Offering to our PRC subsidiaries and convert the net proceeds into RMB, which may adversely affect our business, financial condition and results of operations.

**Restrictions on the remittance of RMB into and out of China and governmental control of currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your investment.**

The PRC government imposes controls on the convertibility of RMB into foreign currencies and the remittance of currency out of China. We receive substantially all of our revenue in RMB. Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments of dividends declared in respect of our Shares, if any. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations.

Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration or filings with competent 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. Pursuant to the SAFE Circular 19, a foreign-invested enterprise may convert up to 100% of the foreign currency in its capital account into RMB on a discretionary basis according to the actual needs. The SAFE Circular 16 provides for an integrated standard for conversion of foreign exchange under capital account items on a discretionary basis, which applies to all enterprises registered in China. In addition, the SAFE Circular 16 has narrowed the scope of purposes for which an enterprise must not use the RMB funds so converted, which include, among others, (i) payment for expenditure beyond its. business scope or otherwise as prohibited by the applicable laws and regulations, (ii) investment in securities or other financial products other than banks' principal-secured products, (iii) provision of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope of the enterprise, and (iv) construction or purchase of non-self-used real properties, except for real estate developers. The PRC government may at its discretion further restrict access to foreign currencies for current account transactions or capital account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency needs, 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 China.

**Fluctuations in exchange rates could result in foreign currency exchange losses.**

The value of RMB against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is subject to changes including the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the People's Bank of China regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates and achieve policy goals.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the RMB against the Hong Kong dollar may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the RMB may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to obtain the SAFE's approval before converting significant sums of foreign currencies into RMB. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

**It may be difficult to effect service of process upon us or our Directors or officers named in this document who reside in China or to enforce foreign court judgments against them in China.**

Most of our assets are situated in China and most of our directors and officers named in this document reside in, and most of their respective assets are located in, China. As a result, it may be difficult to effect service of process outside China upon most of our directors and officers, including with respect to matters arising under applicable securities laws. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom and many other countries. Consequently, it may be difficult for you to enforce against us or our directors or officers in China any judgments obtained from courts outside of China.

On July 14, 2006, Hong Kong and China entered into the Arrangement between the Courts of the Mainland and Courts of the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters Where the Parties Involved Have a Choice of Court Agreement, or the Arrangement. Pursuant to the Arrangement, a final judgment on civil or commercial matters entered by Hong Kong courts can be recognized and enforced in China by application to a competent court of China if the judgment awards monetary payment and the parties thereto have agreed in writing to submit the matter exclusively to Hong Kong courts for resolution. Similarly, a final judgment entered by courts of China on civil or commercial matters are enforceable in Hong Kong if the judgment awards monetary payment and the parties thereto have agreed in writing to submit the matter exclusively to courts of China for resolution. In January 2019, Hong Kong and China entered into another arrangement on court judgment recognition and enforcement–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, or the New Arrangement–which no longer limits recognizable judgments to those granting monetary awards and whose parties have written and exclusive choice of forum agreement. The New Arrangement has yet come into effect and how it will be implemented remains uncertain.

**It may be difficult for overseas regulators to conduct investigation or collect evidence within China.**

Shareholder claims or regulatory investigation that are common in jurisdictions outside China are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities

regulatory authorities in Hong Kong or other jurisdictions may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC, and without the consent by the Chinese securities regulatory authorities and the other competent governmental agencies, no entity or individual may provide documents or materials related to securities business to any foreign party. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China and the potential obstacles for information provision may further increase difficulties faced by you in protecting your interests.

## RISKS RELATING TO THE GLOBAL OFFERING

**There has been no prior public market for our Shares prior to the Global Offering, and you may not be able to resell our Shares at or above the price you pay, or at all.**

Prior to the completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations between our Company and the Joint Representatives (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering.

**The trading price of the Shares may be volatile, which could result in substantial losses to you.**

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. A number of PRC-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies

listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

**The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our directors, executive officers and substantial shareholders, could adversely affect the market price of our Shares.**

Future sales of a substantial number of our Shares, especially by our directors, executive officers and substantial shareholders, or the perception or anticipation of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our Controlling Shareholders are subject to a six-month lock-up period beginning on the date on which trading in our Shares commences on the Stock Exchange, during which period the Controlling Shareholders shall not dispose of any Shares held by them. Furthermore, the Controlling Shareholders shall not dispose of their Shares in the six-month period commencing on the expiry date of the first six-month lock-up period if such disposal shall result in them ceasing to be a controlling shareholder as such term is defined under the Listing Rules. See "Underwriting — Undertakings pursuant to the Hong Kong Underwriting Agreement" for further details. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. In addition, certain existing shareholders of our Shares are not subject to lock-up agreements. Market sale of Shares by such shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our Shares.

**You will incur immediate and substantial dilution and may experience further dilution in the future.**

As the Offer Price of Shares is higher than the net tangible book value per share of our Shares immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the Global Offering may experience further dilution in their shareholding percentage.

**We cannot assure you that we will declare and distribute any amount of dividends in the future and you may have to rely on price appreciation of our Shares for return on your investment.**

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we have not yet adopted a dividend policy with respect to future dividends. Therefore, you should not rely on an investment in our Shares as a source for any future dividend income.

Our board of directors has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts at they fall due in the ordinary course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares. You may not realize a return on your investment in our Shares and you may even lose your entire investment in our Shares.

**There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from the industry expert report contained in this document.**

This document, particularly the section headed "Business" and "Industry Overview," contains information and statistics relating to the digital services market for healthcare companies. Such information and statistics have been derived from the Frost & Sullivan Report commissioned by us. We believe that the Frost & Sullivan Report is an appropriate source for information related to our industry, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Global Coordinators, the Joint Representatives, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Global Offering, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You

should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

**You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the Global Offering.**

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this document, there has been press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

**Our Controlling Shareholders have significant influence over our Company and their interests may not be aligned with the interests of our other Shareholders.**

Our Controlling Shareholders have substantial influence over our business and operations, including matters relating to management and policies, decisions in relation to acquisitions, expansion plans, business consolidation, the sale of all or substantially all of our assets, nomination of directors, dividends or other distributions, as well as other significant corporate actions. Immediately following the completion of the Global Offering, our Controlling Shareholders will collectively beneficially own approximately 77.5% of the voting power of our outstanding share capital, assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options granted or to be granted under the Share Option Schemes. M3, one of our Controlling Shareholders, will beneficially own approximately 38.8% of the voting power of our outstanding share capital, assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options granted or to be granted under the Share Option Schemes. The concentration of voting power and the substantial influence of our Controlling Shareholders over our Company may discourage, delay or prevent a change in control of our Company, which could deprive other shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and reduce the price of our Shares. In addition, the interests of our Controlling Shareholders may differ from the interests of our other

Shareholders. Specifically, the interests of M3 may significantly differ from the interests of our other Shareholders due to M3's business of medical related services through the Internet. Subject to the Listing Rules, our Articles of Association and other applicable laws and regulations, our Controlling Shareholders will continue to have the ability to exercise their substantial influence over us and to cause us to enter into transactions or take, or fail to take, actions or make decisions which conflict with the best interests of our other shareholders.

**There will be a time gap of several business days between pricing and trading of our Shares offered in the Global Offering. Holders of our Shares are subject to the risk that trading prices of our Shares could fall during the period before trading of our Shares begins.**

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be five Hong Kong business days after the pricing date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of unfavorable market conditions, or other adverse developments, that could occur between the time of sale and the time trading begins.

In preparation for 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.

## WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong.

The headquarters of our Group is located in the PRC. Since all of the business operations and management functions of our Group are carried out in the PRC, there is no business need to appoint executive Directors based in Hong Kong. As none of our executive Directors or senior management currently resides in Hong Kong, we do not and, for the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, subject to the condition that the following measures and arrangements are made for maintaining regular communication between the Stock Exchange and us:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives, namely Mr. Tian Lijun (田立軍), our executive Director and Ms. Szeto Kar Yee Cynthia (司徒嘉怡), a joint company secretary of our Company, to act as the principal channel of communication between the Stock Exchange and our Company. The authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by the Stock Exchange by telephone, facsimile and/or email to deal promptly with any enquiries which may be made by the Stock Exchange. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;

(b) each of the authorized representatives has access to all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matters. Our Company will implement a policy whereby:

i. each Director will provide his or her mobile phone number, office phone number, email address and facsimile number to the authorized representatives;

ii. each Director will provide his or her phone numbers or means of communication to the authorized representatives when he or she is travelling; and

iii. each Director will provide his or her mobile phone number, office phone number, email address and facsimile number to the Stock Exchange;

(c) in compliance with Rule 3A.19 of the Listing Rules, our Company has retained Somerley Capital Limited as our compliance adviser who will act as an additional channel of communication with the Stock Exchange and our Company for the period commencing on the Listing Date and ending on the date that our Company publishes its financial results for the first full financial year commencing after the Listing Date pursuant to Rule 13.46 of the Listing Rules;

(d) any meetings between the Stock Exchange and the Directors may be arranged through the authorized representatives within a reasonable time frame;

(e) our Company will inform the Stock Exchange promptly in respect of any change in our Company's authorized representatives; and

(f) our Directors who are not ordinarily resident in Hong Kong possess or will apply for valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange within a reasonable period of time upon request.

## WAIVER IN RELATION TO OUR JOINT COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules and the Guidance on experience and qualification requirements of a company secretary (HKEx-GL108-20), the company secretary of our Company must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary. According to the Guidance Letter HKEx-GL108-20, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time, but in any case, will not exceed three years from the Listing Date (the "**Waiver Period**") and on the conditions that (i) the company secretary in question must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the Company.

We have appointed Ms. Yang Yanling (楊艷玲) as one of our joint company secretaries. Ms. Yang joined the Group in March 2018 and currently serves as a human resources manager of the Group and is in charge of the overall management of the human resources department and assists in the management of other operation departments including medical, design and creative departments. Before joining the Group, Ms. Yang served as a human resources specialist in Beijing Suifang Information Technology Co., Ltd. (北京隨方信息技術有限公司) from August 2015 to February 2018, a human resources specialist in Beijing SDL Technology Co., Ltd. (北京雪迪龍科技股份有限公司) from December 2014 to July 2015 and worked in the human resources department in Beijing Zeyuan Huitong Technology Development Co., Ltd. (北京澤源惠通科技發展有限公司) from March 2013 to November 2014. Ms. Yang obtained a bachelor's degree in agriculture from Hebei North University (河北北方學院) in June 2013. However, Ms. Yang Yanling (楊艷玲) does not possess the qualification and sufficient relevant experience as stipulated in Rule 3.28 of the Listing Rules and may not be able to solely fulfill the requirements as stipulated under Rule 3.28 and Rule 8.17 of the Listing Rules. As a result, our Company has appointed and engaged Ms. Szeto Kar Yee Cynthia (司徒嘉怡), who is an associate member of the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom and thus meets the requirements under Rule 3.28 of the Listing Rules, to act as the other joint company secretary of our Company and to provide assistance to Ms. Yang Yanling (楊艷玲) for an initial period of three years from the Listing Date so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Ms. Szeto Kar Yee Cynthia (司徒嘉怡) will work closely with Ms. Yang Yanling (楊艷玲) to jointly discharge the duties and responsibilities as joint company secretaries with reference to their past experience and education background and Ms. Szeto Kar Yee Cynthia (司徒嘉怡) will assist Ms. Yang Yanling (楊艷玲) to acquire the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. In addition, we will ensure Ms. Yang Yanling (楊艷玲) has access to relevant training and support to familiarize herself with the Listing Rules and other relevant rules and regulations in Hong Kong. Further, Ms. Yang Yanling (楊艷玲) undertakes to take no less than 15 hours of relevant training courses on the Listing Rules, corporate governance, information disclosure, investors relation as well as the functions and duties of the company secretary of a Hong Kong listed issuer during each financial year as required under Rule 3.29 of the Listing Rules.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 3.28 and Rule 8.17 of the Listing Rules, for an initial period of three years from the Listing Date, on the condition that Ms. Szeto Kar Yee Cynthia (司徒嘉怡) is engaged as a joint company secretary and provides assistance to Ms. Yang Yanling (楊艷玲) during this period. If Ms. Szeto Kar Yee Cynthia (司徒嘉怡) ceases to render assistance to Ms. Yang

Yanling (楊艷玲) during this period, or if there are material breaches of the Listing Rules by our Company, the waiver will be immediately revoked. It is intended that before the expiry of the initial period of three years, a further evaluation of the qualification and experience of Ms. Yang Yanling (楊艷玲) and the need for on-going assistance would be made. The expectation is that our Company and Ms. Yang Yanling (楊艷玲) would then endeavor to demonstrate to the Stock Exchange's satisfaction that Ms. Yang Yanling (楊艷玲) having had the benefit of Ms. Szeto Kar Yee Cynthia (司徒嘉怡)'s assistance, would then have acquired the "relevant experience" within the meaning of Rule 3.28 of the Listing Rules such that a further waiver may not be required.

For further details of the biographies of Ms. Yang Yanling (楊艷玲) and Ms. Szeto Kar Yee Cynthia (司徒嘉怡), see the section headed "Directors and Senior Management".

## WAIVER IN RESPECT OF AVAILABILITY OF COPIES OF THE PROSPECTUS IN PRINTED FORM

Pursuant to Rules 12.04(3), 12.07 and 12.11 of the Listing Rules, we are required to make available copies of the prospectus in printed form.

We have adopted a fully electronic application process for the Hong Kong Public Offering and 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. Electronic, in lieu of printed, prospectuses and application forms will help mitigate the environmental impact of printing, including the exploitation of precious natural resources such as trees and water, the handling and disposal of hazardous materials, air pollution, among others. In addition, given the widespread availability and the use of the Internet, electronic application is the most used and popular channel for application in Hong Kong public offerings. A fully electronic application process with no printed application forms and prospectus will allow our Company to fulfil its social responsibility of protecting the environment while at the same time lower costs and improve efficiencies without compromising investor protection and information dissemination. Such approach will also reinforce Hong Kong's reputation as a progressive, forward-thinking financial market by upholding social responsibility through digitalization. The proposed waiver from the Prospectus Availability Requirements is also consistent with the recent amendments to the Listing Rules relating to paperless listing and subscription regime and environmental, social and governance matters commencing on or after July 5, 2021.

In light of the severity of the ongoing COVID-19 pandemic, the provision of printed prospectuses and printed white and yellow application forms will elevate the risk of contagion of the virus through circulation and collection of printed materials. The government of Hong Kong has imposed social distancing measures to restrict public gatherings since early 2020 to minimize

the risk of COVID-19 spreading in public and has created a new norm for the public to practice social distancing. Stricter social distancing measures have been imposed since December 2020 as the number of cases of infection in the territory dramatically increased. In any event, it is impossible to accurately predict the development of the COVID-19 pandemic as of the Latest Practicable Date. In this uncertain environment, an electronic application process with a paperless prospectus will reduce the need for prospective investors to gather in public, including branches of the receiving bank and other designated points of collection, in connection with the Hong Kong Public Offering.

Our Hong Kong Share Registrar has implemented enhanced measures to support the **HK eIPO White Form** service, including increasing its server capacity and making available a telephone hotline to answer investors' queries in connection with the fully electronic application process. Our Hong Kong Share Registrar will also create a step-by-step guide setting out the steps for payment and completion of application for the retail investors as well as FAQs to address potential questions from the retail investors in relation to the Hong Kong Public Offering and the electronic application channels. Both the guide and the FAQs will be available in both English and Chinese and will be displayed in the **IPO App** and on the **HK eIPO White Form** service website. For details of the telephone hotline and the application process, please see "How to Apply for the Hong Kong Public Offer Shares".

We will publish a formal notice of the Global Offering on the official websites of the Stock Exchange and our Company and in selected English and Chinese local newspapers describing the fully electronic application process including the available channels for share subscription and the enhanced support provided by our Hong Kong Share Registrar in relation to the Hong Kong Public Offering and reminding investors that no printed prospectuses or application forms will be provided. We will advertise through the **HK eIPO White Form** service in the **IPO App** and on the **HK eIPO White Form** service website the electronic methods for subscription of the Hong Kong Public Offer Shares.

We have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rules 12.04(3), 12.07 and 12.11 of the Listing Rules in respect of the availability of copies of the prospectus in printed form based on our specific and prevailing circumstances.

## CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions that 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, waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. For further details in this respect, see the section headed "Continuing Connected Transactions" in this prospectus.

## WAIVER AND EXEMPTION IN RELATION TO THE PRE-IPO 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 have granted Pre-IPO Share Options under the Pre-IPO Share Option Scheme to 62 Grantees on April 2, 2021, including Directors, senior management and other employees of our Group, to subscribe for an aggregate of 26,754,000 Shares, representing 3.88% of the total issued share capital immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options granted or to be granted under the Share Option Schemes), on the terms set out in "Statutory and General Information — D. Share Option Schemes — 1. Pre-IPO 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) the 62 Grantees comprise three Directors, four senior management, two other connected persons of our Company and six employees who were granted Pre-IPO Share Options to subscribe for 260,000 or more Shares. The remaining 47 Grantees are other employees

of our Group and are not connected persons of our Company. Strict compliance with the above disclosure requirements to disclose names, addresses and entitlements on an individual basis in respect of these 47 grantees will require additional number of pages of disclosure that does not provide any material or meaningful information to the investing public;

(b) strict compliance with such disclosure requirements in setting out full details of all the Grantees in this prospectus requires our Company to compile information and seek and obtain consent from each of the Grantees in order to comply with personal data privacy laws and principles and to ensure that each employee is comfortable with the number of options granted to him/her and others, which would be significantly time consuming and unduly burdensome;

(c) as the Pre-IPO Share Options are in many instances considered as part of the Grantee's remuneration package, information on such options is highly sensitive and confidential among the Grantees and to our Group. Given the nature of the business of our Company and the fact that among professional physicians platforms in China, few have the level of precision delivery capability required by pharmaceutical and medical device companies to conduct targeted marketing across multiple digital channels, it is extremely important for our Company to recruit and retain talents and the success of our Company's long term development plan will depend on the loyalty and contribution of the Grantees;

(d) the full disclosure on the Pre-IPO Share Options granted to each of the Grantees, would allow the employees of our Group to gain access to the others' compensation, which could negatively affect the employees' morale, give rise to negative internal competitions, and lead to an increase in the costs for recruitment and retention. The lack of full disclosure with the above disclosure requirements will give our Company flexibility in terms of determining the compensation of our broader group of employees;

(e) the full disclosure of the details of the Grantees (which include their addresses), as well as the Pre-IPO Share Options granted to each of them, would provide our Group's competitors with our Group's employees' compensation details and facilitate their soliciting activities which, given the nature of the business of our Company and the fact that among professional physicians platforms in China, few have the level of precision delivery capability required by pharmaceutical and medical device companies to conduct targeted marketing across multiple digital channels, could impact our Group's ability to recruit and retain valuable personnel;

(f) 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;

(g) material information relating to the Pre-IPO Share Options under the Pre-IPO Share Option Scheme will be disclosed in this prospectus, including the total number of Shares subject to the Pre-IPO 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 Pre-IPO Share Options granted under the Pre-IPO 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; and

(h) the names and addresses of the remaining 47 other Grantees are immaterial information to potential investors to make an informed assessment of our Company in their investment decision making process.

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

(a) full details of the Pre-IPO Share Options under the Pre-IPO Share Option Scheme granted to each of (i) our Directors, (ii) members of our senior management, (iii) connected persons of our Company and (iv) other grantees who were granted Pre-IPO Share Options to subscribe for 260,000 or more Shares, will be disclosed in "Appendix IV — Statutory and General Information — D. Share Option Schemes — 1. Pre-IPO 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, (ii) members of our senior management, (iii) connected persons of our Company, or (iv) other grantees who were granted Pre-IPO Share Options to subscribe for 260,000 or more Shares), disclosure will be made for, on an aggregate basis of (1) the aggregate number of Grantees and the number of Shares underlying the Pre-IPO Share Options granted to them under the Pre-IPO Share Option Scheme, (2) the consideration paid for the grant of the Pre-IPO Share Options under the Pre-IPO Share Option Scheme, (3) the exercise period and (4) the exercise price for the Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme;

(c) there will be disclosure in this prospectus for the aggregate number of Shares underlying the Pre-IPO Share Options under the Pre-IPO 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 Pre-IPO Share Options under the Pre-IPO Share Option Scheme will be disclosed in "Appendix IV — Statutory and General Information — D. Share Option Schemes — 1. Pre-IPO Share Option Scheme" to this prospectus;

(e) a summary of the major terms of the Pre-IPO Share Option Scheme will be disclosed in "Appendix IV — Statutory and General Information — D. Share Option Schemes — 1. Pre-IPO 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 Pre-IPO Share Option Scheme, containing all the particulars 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 Pre-IPO Share 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) on an individual basis, full details of the Pre-IPO Share Options under the Pre-IPO Share Option Scheme granted to each of (i) our Directors, (ii) members of our senior management, (iii) connected persons of our Company and (iv) other grantees who were

granted Pre-IPO Share Options to subscribe for 260,000 or more Shares, will be disclosed in "Appendix IV — Statutory and General Information — D. Share Option Schemes — 1. Pre-IPO 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, (ii) members of our senior management, (iii) connected persons of our Company, or (iv) other grantees who were granted Pre-IPO Share Options to subscribe for 260,000 or more Shares), disclosure will be made of, on an aggregate basis, (1) the aggregate number of Grantees and the number of Shares underlying the Pre-IPO Share Options granted to them under the Pre-IPO Share Option Scheme, (2) the consideration paid for the grant of the Pre-IPO Share Options under the Pre-IPO Share Option Scheme, (3) the exercise period and (4) the exercise price for the Pre-IPO Share Options granted under the Pre-IPO 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 Pre-IPO 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 that this prospectus will be issued on or before June 30, 2021.

Further details of the Pre-IPO Share Option Scheme are set forth in "Appendix IV — Statutory and General Information — D. Share Option Schemes — 1. Pre-IPO Share Option Scheme" to this prospectus.

## WAIVER IN RELATION TO PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules generally requires that at least 25% of an issuer's total number of issued shares must at all times be held by the public. However, Rule 8.08(1)(d) of the Listing Rules provides that the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, if an issuer meets the following requirements under Rule 8.08(1)(d) of the Listing Rules:

(a) the issuer will have an expected market capitalization at the time of listing of over HK$10 billion;

(b) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;

(c) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing document;

(d) the issuer will confirm the sufficiency of the public float in successive annual reports after listing; and

(e) a sufficient portion (to be agreed in advance with the Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

To maintain the flexibility of a lower public float upon and after Listing, we have applied to the Stock Exchange to request the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 8.08(1)(a) of the Listing Rules and that the minimum percentage of the Shares from time to time held by the public will be the higher of: (i) 22.47%, being the percentage of Shares held by the public upon completion of the Global Offering (where the Over-allotment Option is not exercised) and (ii) such percentage of Shares held by the public after the full or partial exercise of the Over-allotment Option.

In support of the application, we confirmed to the Stock Exchange that:

(a) it is expected that the Company will have a market capitalization of approximately HK$16,633.2 million to HK$18,772.8 million at the time of Listing (i.e. giving effect to the completion of the Global Offering but without taking into account the exercise of the Over-allotment Option). Thus, the proposed market capitalization of our Company upon the completion of the Listing is expected to meet the minimum level required by Rule 8.08(1)(d) of the Listing Rules and therefore satisfies the market capitalization requirement for a lower public float;

(b) there will be an open market in the Shares and that the number of Shares concerned and the extent of their distribution would enable the market to operate properly with only 22.47% of the total number of issued Shares of our Company in public hands from time to time;

(c) we will undertake to make appropriate disclosure of the lower prescribed percentage of public float of our Company in this prospectus and to confirm the sufficiency of the public float in successive annual reports after Listing; and

(d) we will comply with Rules 8.08(2) and 8.08(3) of the Listing Rules at the time of Listing. We will also implement appropriate measures and mechanisms to ensure continuous maintenance of the minimum percentage of public float prescribed by the Stock Exchange.

## DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which the 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. The 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.

## THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus set out the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Public Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus 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 Representatives, 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 is subject to us and the Joint Representatives (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 Representatives (for themselves and on behalf of the Underwriters), on or before Thursday, July 8, 2021, the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangement, please see the section headed "Underwriting" in this prospectus.

Neither the delivery of this prospectus nor any offering, sale 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 PUBLIC OFFER SHARES

The procedures for applying for Hong Kong Public Offer Shares are set forth in the section headed in "How to Apply for Hong Kong Public Offer Shares" in this prospectus.

## 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. Assuming that the Over-allotment Option is exercised in full, our Company may be required to allot and issue up to an aggregate of 23,264,000 additional Shares.

## RESTRICTIONS ON OFFERS AND SALES OF SHARES

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

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus in any jurisdiction other than in 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.

## APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares that may be issued under the Over-allotment Option and any Shares which may be issued upon the exercise of options granted or to be granted under the Share Option Schemes).

No part of our equity or debt securities 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.

## COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, July 15, 2021. The Shares will be traded in board lots of 500 Shares each. The stock code of the Shares will be 2192.

## SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the 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 business 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 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 Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, 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.

## REGISTER OF MEMBERS AND STAMP DUTY

Our principal register of members will be maintained by our principal share registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands, and our Hong Kong register of members will be maintained by the Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

Dealings in our Shares registered in our Hong Kong register will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty of 0.1% on the higher of the consideration for, or the market value of, the Shares is charged to the purchaser on every purchase and to the seller on every sale of the Shares. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

## CSRC APPROVAL AND OTHER RELEVANT PRC AUTHORITIES APPROVAL

The Listing does not require the approval of the CSRC or any other PRC government authorities under the current PRC laws, regulations and rules.

## EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in RMB or US$ have been translated, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following exchange rates: RMB0.8315: HK$1.00 and US$1: HK$7.7628.

No representation is made that any amounts in RMB or US$ were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on such date or any other date.

## 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 the PRC 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 marked with "*" are provided for identification purposes only.

## OTHER

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 and without taking into account any Shares which may be issued upon the exercise of any options granted or to be granted under the Share Option Schemes.

## DIRECTORS

| Name | Residential Address | Nationality |
|---|---|---|
| **Executive Directors** | | |
| Ms. Tian Liping (田立平) | 701, Unit 1, Building No. 6, Courtyard 97, Yaojiayuan Road, Chaoyang District, Beijing, PRC | Chinese |
| Mr. Tian Lixin (田立新) | 28A, 2nd Floor, Building No. 4, No. 39 Wangjing North Road, Chaoyang District, Beijing, PRC | Chinese |
| Mr. Tian Lijun (田立軍) | 402, Unit 2, Building No. 236, Jingaojiayuan, Chaoyang District, Beijing, PRC | Chinese |
| Ms. Zhou Xin (周欣) | 606, 6th Floor, Building No. 2, Courtyard 7, Anning Street, Houshayu, Shunyi District, Beijing, PRC | Chinese |
| **Non-Executive Directors** | | |
| Mr. Eiji Tsuchiya (槌屋英二) | 2-13-2-104 Shimomaruko, Ota-ku, Tokyo 146-0092, Japan | Japanese |
| Dr. Li Zhuolin (李卓霖) | 1-6-3-2802 Mita, Minato-ku, Tokyo 108-0073, Japan | Chinese |
| **Independent Non-Executive Directors** | | |
| Mr. Richard Yeh (葉霖) | 1502, Building No. 2, No. 180 Liangxiu Road, Pudong District, Shanghai, PRC | Canadian |
| Dr. Ma Jun (馬軍) | 23rd Floor, Baoli Building, No.42 West Shisandao Street, Daoli District, Harbin, PRC | Chinese |
| Ms. Wang Shan (王珊) | No. 902, Unit 1, 22nd Floor, District No. 2, No. 6 Dongsihuan North Road, Chaoyang District, Beijing, PRC | Chinese |

Further information about the Directors and other senior management members are set out in "Directors and Senior Management".

## PARTIES INVOLVED IN THE GLOBAL OFFERING

| | |
|---|---|
| **Joint Sponsors** | Goldman Sachs (Asia) L.L.C.<br>68/F, Cheung Kong Center<br>2 Queen's Road Central<br>Hong Kong<br><br>Haitong International Capital Limited<br>Suites 3001-3006 and 3015-3016<br>One International Finance Centre<br>1 Harbour View Street<br>Central<br>Hong Kong |
| **Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers** | Goldman Sachs (Asia) L.L.C.<br>68/F, Cheung Kong Center<br>2 Queen's Road Central<br>Hong Kong<br><br>Haitong International Securities Company Limited<br>22/F, Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong<br><br>China International Capital Corporation<br>Hong Kong Securities Limited<br>29/F, One International Finance Centre<br>1 Harbour View Street<br>Central<br>Hong Kong |
| **Legal Advisers to Our Company** | *As to Hong Kong and U.S. laws:*<br><br>Simpson Thacher & Bartlett<br>35/F, ICBC Tower<br>3 Garden Road<br>Central<br>Hong Kong |

*As to PRC laws:*

Tian Yuan Law Firm
10/F, Tower B
China Pacific Insurance Plaza
28 Fengsheng Hutong
Xicheng District
Beijing, PRC

*As to Cayman Islands laws:*

Maples and Calder (Hong Kong) LLP
26th Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

**Legal Advisers to the Joint Sponsors and the Underwriters**

*As to Hong Kong and U.S. laws:*

Clifford Chance
27th Floor, Jardine House
One Connaught Place
Central
Hong Kong

*As to PRC laws:*

King & Wood Mallesons
18th Floor, East Tower, World Financial Center
1 Dongsanhuan Zhonglu
Chaoyang District
Beijing
PRC

| | |
|---|---|
| **Auditor and Reporting Accountant** | Ernst & Young<br>*Certified Public Accountants*<br>*Registered Public Interest Entity Auditor*<br>27/F, One Taikoo Place<br>979 King's Road<br>Quarry Bay<br>Hong Kong |
| **Industry Consultant** | Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.<br>Suite 2504, Wheelock Square<br>1717 Nanjing West Road<br>Shanghai 200040<br>PRC |
| **Receiving Bank** | Bank of China (Hong Kong) Limited<br>1 Garden Road<br>Hong Kong |

| | |
|---|---|
| **Registered Office** | PO Box 309<br>Ugland House<br>Grand Cayman<br>KY1-1104<br>Cayman Islands |
| **Headquarters** | E1<br>Red Manor International Bonded Innovation Park<br>No. 1 Baijialou Chaoyang North Road<br>Chaoyang District, Beijing<br>PRC |
| **Principal Place of Business in Hong Kong** | 31/F., Tower Two, Times Square<br>1 Matheson Street<br>Hong Kong |
| **Company's Website** | ***http://www.medlive.cn*** *(The information on the website does not form part of this prospectus)* |
| **Joint Company Secretaries** | YANG Yanling (楊艷玲)<br>SZETO Kar Yee Cynthia (司徒嘉怡) *(ACIS, ACS)* |
| **Authorized Representatives** | TIAN Lijun (田立軍)<br>E1<br>Red Manor International Bonded Innovation Park<br>No. 1 Baijialou Chaoyang North Road<br>Chaoyang District, Beijing<br>PRC<br><br>SZETO Kar Yee Cynthia (司徒嘉怡)<br>31/F., Tower Two, Times Square<br>1 Matheson Street<br>Causeway Bay<br>Hong Kong |
| **Audit Committee** | Wang Shan (王珊) *(Chairwoman)*<br>Richard Yeh (葉霖)<br>Ma Jun (馬軍) |

| | |
|---|---|
| **Remuneration Committee** | Richard Yeh (葉霖) *(Chairman)*<br>Ma Jun (馬軍)<br>Wang Shan (王珊) |
| **Nomination Committee** | Tian Liping (田立平) *(Chairwoman)*<br>Richard Yeh (葉霖)<br>Ma Jun (馬軍)<br>Wang Shan (王珊) |
| **Cayman Islands Principal Share Registrar and Transfer Office** | Maples Fund Services (Cayman) Limited<br>PO Box 1093<br>Boundary Hall<br>Cricket Square<br>Grand Cayman<br>KY1-1102<br>Cayman Islands |
| **Hong Kong Share Registrar** | Tricor Investor Services Limited<br>Level 54, Hopewell Centre<br>183 Queen's Road East<br>Hong Kong |
| **Compliance Adviser** | Somerley Capital Limited<br>20/F, China Building<br>29 Queen's Road Central<br>Hong Kong |
| **Principal Banks** | Bank of Beijing Co., Ltd., Beijing Branch<br>Chaoyang North Road Sub-branch<br>Room 101, 125, 126, 127, 128<br>Building 102, Chaoyang North Road<br>Chaoyang District, Beijing<br>PRC<br><br>The Industrial Bank Co., Ltd., Beijing Branch<br>Sanyuanqiao Sub-branch<br>1st and 4th Floor<br>Kerry Datong Tower<br>21 Xiaoyun Road,<br>Chaoyang District, Beijing<br>PRC |

China Citic Bank Corporation Limited,
Beijing Branch
Jiuxianqiao Sub-branch
1st Floor
Zhaowei Building
No. 14 Jiuxianqiao Road
Chaoyang District, Beijing
PRC

DBS Bank (China) Limited, Beijing Branch
21st Floor, Fortune Center, No. 5 Dongsanhuan
Middle Road, Chaoyang District, Beijing
PRC

***The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications and from the market research report prepared by Frost & Sullivan, which was commissioned by the Company. The Company believes that the information has been derived from appropriate sources and has taken reasonable care in extracting and reproducing the information. The Company has no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information from the official and unofficial resources has not been independently verified by the Company or any of its respective directors, officers or representatives or any other party (excluding Frost & Sullivan) involved in this circular nor is any representation given as to its accuracy or completeness.***

***The report prepared by Frost & Sullivan for the Company is referred to in this prospectus as the Frost & Sullivan Report. Except as otherwise noted, all of the data and forecasts contained in this section have been derived from the Frost & Sullivan Report.***

## OVERVIEW OF THE HEALTHCARE MARKET IN CHINA

China was the second largest healthcare market globally in terms of total expenditure in 2019. According to the Frost & Sullivan Report, China's total healthcare expenditure increased from RMB5.9 trillion in 2018 to an estimated amount of RMB7.3 trillion in 2020, at a CAGR of 10.8%, and is expected to reach RMB11.6 trillion in 2025, at a CAGR of 9.9%.

### Growth Drivers

According to the Frost & Sullivan Report, growth of China's healthcare market has been driven by the following factors:

- ***Aging population***. The population aged 65 and above increased rapidly in China from 166.6 million in 2018 to an estimated number of 185.4 million, or 13.2% of the total population, in 2020, and is expected to reach 240.7 million, or 16.8% of the total population, in 2025.

- ***Rising per capita disposable income***. The per capita disposable income in China increased from RMB28,228 in 2018 to RMB32,884 in 2020, at a CAGR of 7.9%, and is expected to reach RMB47,916 in 2025, at a CAGR of 7.8%. Healthcare expenditure is expected to take up an increasing share of disposable income, from 15.7% in 2020 to 17.0% in 2025.

- ***Lifestyle changes***. Lifestyle changes related to increasing living standards in China are causing certain diseases, especially chronic diseases, to increase in prevalence.

- ***Growing health awareness***. Individuals are demanding increasing control over the management of their health and wellbeing, driven by rising awareness of diseases, as well as technological advances that have made more diseases preventable or detectable at an earlier stage.

The Chinese government has increasingly focused on meeting the demand for better healthcare, including by encouraging greater usage of innovative therapeutics in recent years. Development of new drugs has created increasing demand for cost-effective digital services.

**Major Stakeholders**

Pharmaceutical and medical device companies, as well as physicians and hospitals, are major stakeholders in China's healthcare market.

***Pharmaceutical and medical device companies***

Pharmaceutical and medical device companies are suppliers of healthcare products. New therapeutics, growing competitions and cost-control regulatory policies call for faster and leaner processes in all areas of their businesses and at all stages of the value chain from drug discovery to real-world usage. There is significant demand from pharmaceutical and medical device companies for digital services at every point along the value chain to help them reduce costs, shorten market launch time, and improve sales results.

***Physicians***

Physicians are the key decision makers in the healthcare system. According to the Frost & Sullivan Report, there were over 3.9 million licensed physicians as of 2019 in China, working in a fragmented healthcare system consisting of 34,354 hospitals, 954,390 primary healthcare organizations and 18,835 other healthcare organizations.

Medical knowledge evolves rapidly, and the practice of medicine requires continuous learning. In China's healthcare system, medical expertise is concentrated in Class III hospitals in large cities. We illustrate below the distribution of physicians by hospital class from 2014 to 2019 and geographic distribution of Class III hospitals in 2019.

**Number of Certified (Assistant) Physicians[1] by Hospital Class, 2014-2019**

| Class[2] | 2014-2019 CAGR |
|---|---|
| Total Public Hospital | 7.2% |
| Class III | 9.4% |
| Class II | 4.4% |
| Class I | 8.4% |

*Source: Frost & Sullivan Report*

**Geographic Distribution of Class III Hospitals in China, 2019**

*Source: Frost & Sullivan Report*

*Notes:*

(1) Certified (assistant) physicians are medical practitioners who have obtained a medical license for qualified physician (執業醫師) or qualified assistant physician (執業(助理)醫師) and work in medical treatment or disease prevention functions, excluding any licensed (assistant) physicians in management roles.

(2) China's hospitals are categorized into three classes, namely Class I, Class II and Class III, with Class III being the highest class.

Physicians in China face various challenges in satisfying their need for continuing medical education and clinical decision support, such as limited time and resources for learning and research. This creates significant demand for current, reliable and relevant professional medical information to help improve their knowledge and skills. Physicians are spending more time on professional online platforms to efficiently access up-to-date medical information and obtain clinical decision support.

## Overview of the Digital Services Market for Healthcare Companies

The digital services market for pharmaceutical and medical device companies involves the use of digital technology to provide services or products to meet the needs of pharmaceutical and medical device companies at different stages of the value chain, including digital healthcare marketing, clinical research services and patient management services.

The following diagram sets out the value chain of the digital services market for healthcare companies:

*Source: Frost & Sullivan Report*

*Note:*

(1) Our Company is a digital healthcare service provider.

Digital platforms have emerged as key players in the healthcare market due to their strong technological capabilities and networks of market stakeholders. Healthcare platforms offering digital marketing are generally categorized into the following three main types:

- ***Professional physician platforms***. Acquire physician users through provision of professional medical information and services.

- ***Pharmaceutical e-commerce platforms***. Mainly provide online retail pharmacy and healthcare services to consumers and patients.

- ***Internet hospitals***. Provide online healthcare services to patients, including online consultation, prescription and chronic disease management.

Pharmaceutical and medical device companies are more willing to cooperate with professional physician platforms due to their ability to reach physicians with precision and their professional content. Furthermore, professional physician platforms can leverage their physician network to provide chronic disease management solutions.

## DIGITAL HEALTHCARE MARKETING

Healthcare marketing involves promotional outreach and communications by healthcare product and service providers that are designed to drive sales. Healthcare marketing by pharmaceutical and medical device companies in China primarily targets physicians to raise their

awareness and understanding of specific drugs and medical devices and influence their prescription decisions. Digital healthcare marketing services include digital marketing, digital sales, as well as technology services.

**Market Opportunity**

Pharmaceutical and medical device companies spent RMB679.7 billion in 2020 on healthcare marketing in China, including marketing and promotion activities targeting primarily physicians and, to a lesser extent, healthcare consumers and hospitals, and such spending increased from RMB584.7 billion in 2018 to RMB679.7 billion in 2020, at a CAGR of 7.8%. Such spending is expected to reach RMB991.5 billion in 2025, at a CAGR of 7.8%.

The digital healthcare marketing market in China increased from RMB4.4 billion in 2018 to RMB15.2 billion in 2020, at a CAGR of 85.8%, and is expected to reach RMB111.0 billion in 2025, at a CAGR of 48.8%. The digital healthcare marketing market accounted for 0.8% and 2.2% of the total healthcare marketing market in China in 2018 and 2020, respectively, and is expected to further increase to 11.2% in 2025.

We illustrate below the size and forecasted growth of overall spending by pharmaceutical and medical device companies on healthcare marketing and the penetration rate of digital healthcare marketing in China from 2018 to 2025.

**Enterprise Spending on Healthcare Marketing in China, 2018-2025E**

| CAGR | Total Healthcare Marketing Spending | Digital Healthcare Marketing Spending |
|---|---|---|
| 2018-2020 | 7.8% | 85.8% |
| 2020-2025E | 7.8% | 48.8% |

*Source: Frost & Sullivan Report*

According to the Frost & Sullivan Report, the forecasted growth of overall spending by pharmaceutical and medical device companies on healthcare marketing in China is based on historical market data and the following assumptions: (i) as the pharmaceutical and medical device markets in China grow and overall healthcare expenditure increases, the spending on healthcare

marketing by healthcare companies, including both traditional marketing and digital marketing, will also increase; and (ii) as the NMPA gets more competent and efficient, innovative medicines and medical devices are getting approved in China both in larger numbers and within shorter periods of time, and the increasing availability of new and groundbreaking medicines and medical devices in China will further boost the demand for healthcare marketing services. According to the Frost & Sullivan Report, the forecasted growth of overall spending by pharmaceutical and medical device companies on digital healthcare marketing in China is based on historical market data and the following assumptions: (i) the share of digital marketing of all pharmaceutical and medical device marketing in China will continue to increase as the enterprises strive to increase their marketing efficiency due to lower drug prices caused by the government-led centralized procurement plans; and (ii) the total number of medical representatives employed in China will continue to decrease in the coming years as it did in the previous years. The source of the historical market data and forecast includes interviews with key industry experts and leading industry participants, China Statistics Yearbook, China Health Statistics Yearbook, academic journals and annual reports of publicly listed companies.

***Key Benefits***

Increased Efficiency

Compared to traditional marketing relying on face-to-face interactions with medical representatives, digital marketing can reach a wider group of physicians more efficiently and achieve better return on marketing spending.

- ***Cost-efficiency***. Digital marketing is less expensive than traditional marketing. For example, digital detailing is about ten times more efficient than in-person detailing in terms of cost per detailing, according to the Frost & Sullivan Report. Cost consideration is particularly important since the rollout of the centralized procurement policies, as prices of a growing number of drugs and medical devices have been under pressure, which has prompted pharmaceutical and medical device companies to use their marketing budgets more efficiently.

- ***Time-efficiency***. Online marketing campaigns can be implemented more rapidly than traditional marketing campaigns that require in-person interaction; corporate healthcare customers are also able to obtain feedback on their online marketing campaigns on a real-time basis.

Digital marketing also supplements the marketing efforts of pharmaceutical and medical device companies to penetrate the lower-tier cities in China, which would otherwise be neglected by medical representatives when conducting face-to-face visits.

Improved Clinical Outcomes

Physicians play an essential role in the value chain of healthcare market and are the key decision makers in prescribing healthcare products. Accurate prescription is predicated on physicians' knowledge of disease symptoms, treatment options and the indications of healthcare products. Digital healthcare marketing improves target physicians' understanding of the products and helps them make more informed clinical decisions. Professional physician platforms also enable medical representatives of pharmaceutical and medical device companies to follow up and interact with physicians virtually following marketing campaigns.

Superior Marketing Analytics and Insights

Digital healthcare marketing offers end-to-end marketing services through new technical means and business models, such as AI, data analytics and SaaS, which greatly expand the reach of pharmaceutical and medical device companies. Through professional physician platforms, pharmaceutical and medical device companies can easily communicate with target physicians, including through virtual meetings or online academic conferences with target physicians across the country, enhancing the effect of marketing campaigns. Professional physician platforms are also able to provide more accurate portraits of physicians through strategic analysis, market research and marketing analytics enabled by insights from accumulated user data. Such capability is useful for analyzing the results of marketing campaigns and optimizing marketing strategies, thus better serving the needs of pharmaceutical and medical device companies for efficient marketing.

***Key Trends in Digital Healthcare Marketing***

Increasing Per Capita Healthcare Marketing Expenditure

The per capita healthcare marketing expenditure in China remains low compared to the U.S. and Japan. In 2019, China's per capita healthcare marketing expenditure was RMB468, compared to RMB676 in Japan and RMB946 in the US. With increasing use of branded and innovative drugs, the per capita healthcare marketing expenditure is expected to increase in China. The number of newly approved branded drugs in China increased from 102 in 2015 to 160 in 2019, compared to 66 and 112 in Japan and the US in 2019, respectively, according to the Frost & Sullivan Report.

## Increasing Adoption of Digital Channels for Marketing

Compared to the U.S. and Japan, China's healthcare marketing is inefficient. Physicians in China are traditionally more accustomed to learning about new drugs and about new diagnostic and treatment methods, from pharmaceutical and medical device companies, often through in-person interaction with medical representatives. As shown in the table below, the Physician/MR ratio is much lower in China than in the U.S. and Japan. With increasing salaries for medical representatives and pharmaceutical and medical device companies' need to control costs, such companies are expected to increasingly adopt digital channels for marketing and digital detailing.

| 2019 | China | Japan | United States |
|---|---|---|---|
| Medical Representatives (MRs) ('000s) | Approximately 2,000 – 3,000 | 62 | Approximately 70 |
| Physicians ('000s) | 3,867 | 327 | 861 |
| **Physician/MR ratio** | **Approximately 1.3 - 1.9** | **5.2** | **Approximately 12.3** |

*source: Frost & Sullivan Report*

Compared to Japan, China's digital healthcare marketing industry is underpenetrated and less sophisticated, particularly in terms of the adoption of new digital healthcare marketing methods, such as precision digital marketing, leaving significant room for growth.

Digital detailing is widely adopted in Japan, as 85% of physicians in Japan can be reached through professional physician platforms. In 2020, digital healthcare marketing spending accounted for 2.2% of the total healthcare marketing spending in China, compared to 9.5% in Japan. With technological advances and policy changes, pharmaceutical and medical device companies in China are expected to increasingly adopt digital marketing, particularly precision digital marketing as a substitute for in-person visits by medical representatives, driving higher penetration. See "— Market Opportunity" for more information.

Compared with general digital marketing, precision digital marketing is significantly more effective. According to the Frost & Sullivan Report, the average click-through rate, which is the average ratio of the number of users who click on specific content to the number of total users such content is delivered to, on content delivered using general digital marketing is approximately 1% to 3%, compared to approximately 20% to 40% on content delivered using precision digital marketing. In addition, general digital marketing can only effectively convey information to approximately 30% of the physicians who view the content, whereas precision digital marketing can effectively convey information to nearly all physicians who view the content.

Compared to Japan, the market for digital healthcare marketing in the United States is relatively small. Physicians in the United States are well educated, have fewer linguistic barriers to reading research articles, and typically have better access to developments in medical research, and thus have lower demand for coverage by medical representatives. Moreover, unlike in China and Japan, prescription drugs in the United States can be marketed directly to patients. Pharmaceutical and medical device companies can thus utilize lower-cost digital channels, such as social media and websites, to market their products.

Favorable Policy Changes

The expenditure of China's state-funded basic medical insurance is expected to continue to rise, increasing funding risk. China has adopted various policies including centralized procurement and the "two-invoice" policy to improve the financial sustainability of its basic medical insurance.

Since the rollout of these policies, drug and medical device prices have been on a downward trend and healthcare companies are in urgent need of controlling sales costs, increasing the demand for cost-effective marketing tools, such as precision digital marketing.

- ***Centralized procurement (帶量採購)***. Centralized procurement policy refers to volume-based procurement (VBP) of drugs, medical devices and high value consumables through bidding processes organized by government authorities. Bidding is open to healthcare products that have passed evaluations for quality, efficacy and safety. The reform has dramatically reduced unit sales prices of relevant drugs and medical devices.

- ***"Two-invoice" system (兩票制)***. The two-invoice system caps the number of invoices issued in each pharmaceutical and medical device product procurement process to two, with one issued by the manufacturer and the other issued by the distributor to the medical institutions. It also significantly limits the markup allowed between the ex-factory and retail prices. This system began widescale implementation in 2018. This significantly reduces the number of intermediaries involved in the process of drug and medical device distribution, which has led to more affordable prices for healthcare products. It also has forced pharmaceutical and medical device companies to develop a national reach and reduce their reliance on medical representatives and distributors.

Strengths of Professional Physician Platforms in Digital Marketing

Professional physician platforms are more effective in conducting digital healthcare marketing due to their ability to deliver customized content to target physicians. As pharmaceutical and medical device companies have growing demand for cost-efficient, precision marketing

service, physician platform-based marketing is expected to account for an increasing portion of the digital healthcare marketing in China. According to the Frost & Sullivan Report, physician platform-based healthcare marketing will take up 16.9% of the digital healthcare marketing in China in 2025, up significantly from 6.2% in 2020.

In comparison, physician platform-based digital marketing, accounted for 54.0% of digital healthcare marketing in 2020 in Japan, according to the Frost & Sullivan Report. Professional physician platforms' competitive advantage arises from their large physician networks, which they build through offering digital medical information services. See "Digital Medical Information" for more information.

***Key Success Factors and Entry Barriers***

According to the Frost & Sullivan Report, the following are the main success factors and entry barriers for providers of digital healthcare marketing:

- ***Large physician network***. Physicians are the key decision makers in the healthcare system. For effective digital marketing, a digital healthcare platform needs the ability to reach target physicians based on customers' needs. Professional physician platforms, particularly those having large and diverse physician networks across all specialties, seniorities and geographies, are well positioned to provide digital healthcare marketing services.

- ***User engagement***. An engaged user base enables pharmaceutical and medical device companies to reach target physicians more effectively. Professional physician platforms, particularly those with well-curated medical information to satisfy physicians' needs for continuing medical education and clinical decision support, are in a better position to maintain a high level of user engagement and activities and therefore are more appealing to pharmaceutical and medical device companies.

- ***Precision delivery capability***. The ability to deliver the most relevant content to target physicians is essential for platforms to establish brand recognition. A strong track record of successful targeting not only enhances customer loyalty but also helps attract new customers.

- ***Integrated marketing solutions***. Platforms that can provide integrated one-stop solutions to design precision marketing campaigns, develop sponsored information and perform precision digital detailing are more capable of addressing the needs of pharmaceutical and medical device companies for cost-effective marketing tools.

- ***Advanced technologies***. Strong technological capabilities, which enable platforms to efficiently develop insights from raw data, such as user preferences, prescription patterns and user engagement, and to deliver accurate and personalized content recommendation to a large user base in real time are critical to providing digital marketing services.

- ***Vertical integration across solutions***. In addition to providing marketing services, professional physician platforms also provide digital clinical research services, including RWS, EDC, CDMS and digital patient recruitment, which offer a more efficient solution to satisfy healthcare companies' research and development needs. RWS refers to the systematic collection of data generated from drugs and medical devices in real-world medical settings, and research involving evidence-based methods. The time spent on subject enrollment is often the focus of risk management in clinical studies. Physicians' recommendations play a key role in patients' decision to participate in a clinical trial. As a result, digital clinical research service providers that have a large physician network and highly engaged physician base are better positioned to satisfy customers' needs for clinical trial services.

**Major Cost**

The cost for providing digital healthcare marketing services primarily include content development cost, such as salaries and benefits for in-house content development personnel, fees paid to content contributors and service fees paid to content production service providers, and technology service fees incurred to operate an online platform, such as service fees relating to cloud and telecommunication services.

The cost for providing digital clinical research services primarily include technology service fees incurred to operate a technology platform, such as service fees relating to cloud and telecommunication services.

According to the Frost & Sullivan Report, content development cost for both in-house developed and outsourced content is expected to increase at a relatively steady pace, factoring in any incidental expenses for licensing copyrighted medical content, translation service and sourcing specialized content. Content development cost for a specific project is largely attributable to the associated labor cost, which is calculated taking into account the number of content creators involved, their daily rates and the total time spent. The number of content creators required and time spent for a specific project is dependent on the complexity of the content format and the amount of medical information such project requires, which are not affected by market conditions. As such, future trend of content development cost largely depends on the daily rates of content creators, which are closely related to the average wage in the industry. As the average wage in

China continues to rise, daily rates have been slightly increasing over the past few years and are expected to be increasing at a relatively steady pace in the coming years. Aside from content creators' labor cost, incidental expenses for licensing copyrighted medical content, translation service and sourcing specialized content may be incurred for developing marketing content, which are expected to remain stable in the foreseeable future. Marketing content rarely involves licensing copyrighted medical content. Although marketing content references research papers or other medical literature from time to time, such citation is typically free as it does not involve redistribution of the copyrighted work. In cases where licensing is required, such cost is expected to be stable, as the owners of copyrighted medical content in China are mostly public institutions funded by the PRC government. Translation cost is typically measured by translators' labor cost, which, similar to content creators' labor cost, is affected by the steadily rising average wage in China. In addition, marketing content may use specialized content, such as KOLs' endorsements and live-action videos, which involves fees to KOLs, directors, actors and screenwriters, among others. KOLs are typically compensated for reasonable time spent, and the market for commercial video production is competitive. As a result, rates for these fees are relatively stable and are not expected to experience significant increase in the foreseeable future.

Technology service fees, including cloud services and telecommunication services, are expected to remain stable in the foreseeable future. Cloud services market in China is relatively mature and there are many cloud service providers competing in this market. As a result, the rates of cloud services is expected to be stable due to price competition. Telecommunication services market in China is dominated by the Chinese state-owned telecommunication companies. Since all industries rely on telecommunication services, telecommunication services are charged as utilities with stable rates.

**Competitive Landscape**

China's healthcare marketing market is intensely competitive. There is a large number of participants in this market, including (i) in-house sales force of pharmaceutical and medical device companies, (ii) traditional healthcare marketing players and (iii) digital healthcare marketing services providers.

In-house sales force of pharmaceutical and medical device companies accounted for 89.3% of China's healthcare marketing market as measured by total spending of RMB679.7 billion by pharmaceutical and medical device companies on healthcare marketing in 2020. There are estimated to be over 10,000 pharmaceutical and medical device companies in China. All large pharmaceutical and medical device companies use both in-house sales force and external marketing service providers to market their products. Marketing spending of pharmaceutical and medical device companies on in-house sales force is predominantly related to the salaries of medical representatives and sales activities conducted by medical representatives. According to the Frost &

Sullivan Report, the estimated spending on in-house sales force by multinational pharmaceutical and medical device companies in China ranged from RMB2 billion to RMB8 billion in 2020. AstraZeneca, Pfizer, Merck Sharp & Dohme (MSD), Bayer and Roche are among the multinational pharmaceutical and medical device companies with significant spending, each of which is estimated to have spent more than RMB5 billion on in-house sales force in 2020.

Traditional healthcare marketing players accounted for 8.5% of China's healthcare marketing market as measured by total spending by pharmaceutical and medical device companies on healthcare marketing in 2020. Traditional healthcare marketing players include (i) traditional advertising companies, such as contract sales organizations or third-party agencies that help promote and distribute healthcare products on behalf of pharmaceutical and medical device companies, (ii) traditional healthcare media and (iii) traditional conference vendors that organize offline medical conferences. There are estimated to be over 500 traditional healthcare marketing players in China's healthcare marketing market. As traditional healthcare market is relatively small and is fragmented, even large traditional players represent a small fraction of the overall healthcare marketing market in China. According to the Frost & Sullivan Report, Mediwelcome Healthcare Management & Technology, Havas Group, Linlic, Hylink Digital Solutions and BlueFocus are among the major traditional advertising companies. Their revenues from healthcare marketing in 2020 are estimated to range from RMB50 million to RMB500 million, representing a market share ranging from 0.0074% to 0.074% in China's healthcare marketing market. In addition, China Medical Tribune, which is a major traditional healthcare media, is estimated to have generated revenue from healthcare marketing within the range of RMB100 million to RMB300 million in 2020, representing a market share ranging from 0.015% to 0.044% in China's healthcare marketing market.

Digital healthcare marketing services providers accounted for the remaining 2.2% of China's healthcare marketing market as measured by total spending by pharmaceutical and medical device companies on healthcare marketing in 2020. Digital healthcare marketing is an emerging market, and there are estimated to be over 200 participants focusing on different aspects of the market with various business models. Digital healthcare marketing services providers include (i) Internet hospitals, (ii) pharmaceutical e-commerce platforms, (iii) online conference vendors, (iv) virtual visit providers, (v) digital solution developers and (vi) digital physician platforms. As digital healthcare marketing market is relatively small and is fragmented, even large players in this market represent a small fraction of the overall healthcare marketing market in China. According to the Frost & Sullivan Report, Haodaifu and Ping An Good Doctor are among the major Internet hospital platforms. Their revenues from healthcare marketing in 2020 are estimated to range from RMB50 million to RMB500 million, representing a market share ranging from 0.0074% to 0.074% in China's healthcare marketing market. JD Health, Ali Health and Dingdang Express are among the major pharmaceutical e-commerce platforms. Their revenues from healthcare marketing in 2020 are estimated to range from RMB50 million to RMB500 million, representing a market share

ranging from 0.0074% to 0.074% in China's healthcare marketing market. Healthcare marketing services provided by Internet hospital platforms and pharmaceutical e-commerce platforms primarily focus on marketing non-prescription drugs and medical devices to consumers as opposed to prescription drugs and medical devices to physicians due to their business models. BizConf Telecom and eDoctor Healthcare Communications are among the major online conference vendors. Their revenues from healthcare marketing in 2020 are estimated to range from RMB100 million to RMB500 million, representing a market share ranging from 0.015% to 0.074% in China's healthcare marketing market. Naxions and Shanghai Qingyun Technology are among the major virtual visit providers. Their revenues from healthcare marketing in 2020 are estimated to range from RMB50 million to RMB100 million, representing a market share ranging from 0.0074% to 0.015% in China's healthcare marketing market. Digital solution developers are companies that primarily focus on developing technology solutions, usually offered using SaaS model, for pharmaceutical and medical device companies to manage their sales force and track sales activities, as well as to manage clinical trials and hold online conferences. Digital solution developers provide technology infrastructure for healthcare marketing activities and do not directly interact with physicians or market healthcare products to physicians. Softium (an affiliate of Taimei Technology), ForceClouds and 100doc are among the major digital solution developers. Their revenues from healthcare companies in 2020 are estimated to range from RMB50 million to RMB300 million, representing a market share ranging from 0.0074% to 0.044% in China's healthcare marketing market. There are estimated to be over ten physician platform-based digital healthcare marketing service providers in China, including us, and we ranked first in terms of revenue in 2020 and generated revenue of RMB204 million from healthcare marketing in 2020, representing a market share of 0.03% in China's healthcare marketing market.

In-house sales force, particularly, medical representatives that are engaged by pharmaceutical and medical device companies to conduct in-person detailing remain the largest group of players for healthcare marketing services.

Traditional healthcare marketing service providers tend to have a longer history serving the pharmaceutical and medical device companies and therefore understand their strategies and needs well. They also have more experience in organizing offline conferences, which remain important for healthcare marketing.

Digital healthcare marketing service providers focus on various aspects of the digital healthcare marketing market and have competitive advantages in different areas. For example, virtual visit providers and online conference providers provide digital solutions that supplement physical detailing and conferences to increase connection with physicians. Internet hospitals and pharmaceutical e-commerce platforms, such as Ping An Good Doctor, have large consumer user bases for advertising and selling non-prescription drugs.

We believe that we can compete effectively with these players due to our large and engaged physician user base, which enables us to reach a wider group of physicians more efficiently and achieve better return on marketing spending, particularly in an environment with healthcare companies' profit and marketing budget being reduced due to volume-based purchasing and increasing market competition. See "Digital Healthcare Marketing — Market Opportunity."

We are the largest online professional physician platform in China in terms of registered physician users as of December 31, 2020, according to the Frost & Sullivan Report. As of December 31, 2020, we had approximately 2.4 million registered physician users, representing approximately 58% of all licensed physicians in China as of the same date, according to the Frost & Sullivan Report. As our registered physician users may also register accounts on other professional physician platforms, we compete to attract, engage and retain physician users based on the quality and breadth of professional medical information and tools available on our platform, as well as the overall user experience of our products and services. We also ranked first among physician platform-based digital healthcare marketing service providers in China in terms of revenue in 2020, with a 21.4% market share, according to the Frost & Sullivan Report. The following table presents the ranking of key players in China's physician platform-based digital healthcare marketing market, as measured by revenue in 2020 and number of registered physicians as of December 31, 2020:

| Ranking | Company | Listing Status | Revenue | Market Share | Registered Physician Users |
|---|---|---|---|---|---|
| | | | *(RMB million)* | *(%)* | *(million)* |
| 1 ..... | Our Group | No | 204.4 | 21.4 | 2.4 |
| 2 ..... | Company A | No | 189.8 | 19.9 | 1.6 |
| 3 ..... | Company B | No | 180.0 | 18.8 | 1.5 |
| 4 ..... | Company C | No | 170.0 | 17.8 | 1.2 |

*Source: Frost & Sullivan Report*

Company A is a China-based online professional physician platform that focuses on providing digital healthcare marketing, medical information and clinical research services. Company B is a China-based online professional physician platform that focuses on providing medical information, online consultation and e-commerce services. Company C is a China-based online professional physician platform that focuses on providing medical information and digital healthcare marketing services.

Professional physician platforms are more effective in marketing healthcare products than other types of digital healthcare platforms due to their large and highly engaged physician networks and superior precision delivery capability. Among professional physician platforms in China, few have the level of precision delivery capability required by pharmaceutical and medical device companies to conduct targeted marketing based on criteria such as specialty, seniority and geography across multiple digital channels. Physician platform-based digital healthcare marketing is a much more consolidated market in Japan with the leading platform having a dominant position. In light of the market dynamics in Japan, professional physician platforms in China that have strong precision delivery capability are expected to acquire a larger market share in digital healthcare marketing as the market continues to develop in China.

## DIGITAL MEDICAL INFORMATION

Digital medical information services address physicians' demand for the latest medical information and clinical decision support at the point of care by offering platform-generated professional medical content and powerful digital tools, which include digital clinical guides, research abstracts, drug references, medical dictionaries and disease knowledge database. Medical information services also enable peer communications through online physician forums.

### Market Opportunity

Penetration rate of digital medical information services remains low in China, as few medical reference tools are available for supporting clinical decision making. The education level of Chinese physicians is generally lower than that of physicians in developed markets, such as the United States and Japan, and there is a large and urgent demand for medical training among physicians who work in rural areas and community hospitals. According to the Frost & Sullivan Report, the digital medical information market in China increased from RMB23.6 million in 2018 to RMB114.2 million in 2020, at a CAGR of 120.1%, and is expected to reach RMB3.0 billion in 2025, at a CAGR of 92.7%.

We illustrate below the size and forecasted growth of digital medical information service market in China from 2018 to 2025.

**China Digital Medical Information Service Market, 2018-2025E**

| Period | CAGR |
|---|---|
| 2018-2020 | 120.1% |
| 2020-2025E | 92.7% |

*Source: Frost & Sullivan Report*

According to the Frost & Sullivan Report, the forecasted market growth of the digital medical information service market in China is based on historical market data and the following assumptions: the average education level of China's physicians will continue to increase in the coming years as it did in the previous years, and more physicians will have the need and ability to learn medical and clinical information at the hospital or in their own time, thus increasing the demand for digital medical information. The source of the historical market data and forecast includes interviews with key industry experts and leading industry participants, China Statistics Yearbook, China Health Statistics Yearbook, academic journals and annual reports of publicly listed companies.

## Challenges Facing Physicians

Healthcare professionals face various challenges in satisfying their needs for continuing medical education and clinical decision support in daily practice.

The following diagram illustrates the pain points facing healthcare professionals and how professional physician platforms can help solve these pain points.

*Source: Frost & Sullivan Report*

## Key Benefits

According to the Frost & Sullivan Report, up-to-date medical information and clinical decision support tools offered by professional physician platforms have helped improve clinical results, including shortened duration of hospitalization, more accurate diagnosis and treatment, higher efficiency, cost reduction as well as improved level of physician and patient satisfaction.

In addition, as part of the healthcare reforms, China is in the process of adopting a hierarchical diagnosis and treatment system. As medical information services and clinical decision support tools offered by professional physician platforms enable physicians to improve clinical results, such platforms can play an important role in building a hierarchical diagnosis and treatment system in China.

**Growth Drivers**

The growth of professional physician platforms is primarily driven by the following factors:

- ***Demand for professionally-curated, high-quality content***. Physicians demand professionally-curated, high-quality medical information services for continuing medical education and clinical decision support. In addition, physicians need a community to share best practices and discuss complex cases in order to improve clinical skills. Professional physician platforms that offer forums to foster such communications will have the opportunity to develop high-quality user-generated content, which helps grow user base and increase user engagement.

- ***Demand for up-to-date content***. Healthcare is a rapidly evolving field, as innovative therapeutics are developed and new scientific findings are established continuously. To provide the best care available to patients, physicians must stay abreast of the most up-to-date medical information. Professional physician platforms that continuously update knowledge database and provide the latest medical literature, such as research articles, clinical guides and drug reference, are in a better position to attract and maintain physician users.

- ***Increasing accessibility of information***. The emergence and development of professional physician platforms is also attributable to the advancement of mobile Internet technology and the proliferation of mobile devices. In addition, the expansion of mobile payment services has made it easier for more physicians to pay for medical information services.

- ***Improved service offerings***. Professional physician platforms' improved service offerings have incentivized physicians to pay for medical information. Attractive features of a successful professional physician platform includes well-curated medical information, reasonable pricing as well as recommendation of personalized information.

### Major Cost

The cost for providing digital medical information services primarily include content related cost, such as licensing fees paid to copyright owners, salaries and benefits for in-house content development personnel, fees paid to content contributors and service fees paid to content production service provider, and technology service fees incurred to operate an online platform, such as service fees relating to cloud and telecommunication services.

According to the Frost & Sullivan Report, content development cost for both in-house developed and outsourced content is expected to increase at a relatively steady pace. Content development cost for a specific project is largely attributable to the associated labor cost, which is calculated taking into account the number of content creators involved, their daily rates and the total time spent. The number of content creators required and time spent for a specific project is dependent on the complexity of the content format and the amount of medical information such project requires, which are not affected by market conditions. As such, future trend of content development cost largely depends on the daily rates of content creators, which are closely related to the average wage in the industry. As the average wage continued to rise, daily rates have been slightly increasing over the past few years and are expected to be increasing at a relatively steady pace in the coming years. Technology service fees, including cloud services and telecommunication services, are expected to remain stable in the foreseeable future. Cloud services market in China is relatively mature and there are many providers competing in this market. As a result, the rates of cloud services is expected to be stable due to price competition. Telecommunication services market in China is dominated by the Chinese state-owned telecommunication companies. Since all industries rely on telecommunication services, telecommunication services are charged as utilities with stable rates. Copyright licensing fees are charged by medical associations and medical journals for using their copyrighted materials. In China, medical associations and medical journals are mostly public institutions funded by the PRC government, and the copyright licensing fees charged by them are expected to be stable in the coming years.

## DIGITAL CHRONIC DISEASE MANAGEMENT

77.0% of the total healthcare expenditure in 2020 was for the treatment and management of chronic diseases; this proportion is expected to further increase to 83.5% in 2025. Failure to adhere to prescribed medication regimens is one of the main reasons that patients do not achieve the expected outcomes from their treatments. For most patients, hospital visits are their only means to seek medical advice from physicians; many patients do not have access to high-quality healthcare services and information.

Digital healthcare platforms provide patients with more convenient access to reliable healthcare information as well as interactive online healthcare services, such as online consultation and chronic disease management services offered through Internet hospitals, which provide patients with a more direct and effective communication channel with physicians.

**Market Opportunity**

Chronic disease management in China is still at its early stage compared with developed markets. According to the Frost & Sullivan Report, the chronic disease management market in China increased from RMB3.9 trillion in 2018 to RMB5.6 trillion in 2020, at a CAGR of 19.7%, and is expected to reach RMB9.7 trillion in 2025, at a CAGR of 11.7%. The digital chronic disease management market in China, a sub-market of chronic disease management market, increased from RMB77.9 billion in 2018 to RMB139.7 billion in 2020, at a CAGR of 33.9%, and is expected to reach RMB507.1 billion in 2025, at a CAGR of 29.4%. As a percentage of the chronic disease management market in China, the digital chronic disease management market increased from 2.0% in 2018 to 2.5% in 2020, and is expected to further increase to 5.2% in 2025.

Digital chronic disease management market in China consists of four segments, namely, healthcare management, drugs and medical devices, nutrition and supplements, as well as others. We currently operate in the healthcare management segment, the market size of which increased from RMB6.3 billion in 2018 to RMB10.4 billion in 2020, at a CAGR of 28.5%, and is expected to reach RMB45.6 billion in 2025, at a CAGR of 34.5%.

According to the Frost & Sullivan Report, the forecasted market growth of the chronic disease management market in China is based on historical market data and the following assumptions: as many diseases are now treatable and life expectancy in China increases, the market of chronic disease management, which includes the sales of pharmaceuticals used for treating and managing chronic diseases and represents the bulk of China's healthcare expenditure, will continue to expand at a steady pace in the future. According to the Frost & Sullivan Report, the forecasted market growth of the digital chronic disease management market and its healthcare management segment in China is based on historical market data and the following assumptions: Internet hospitals are becoming more common in a government effort to diverge patients from unnecessary offline visits to overburdened hospitals, and chronic disease management, including the renewal of prescriptions and online consultations, is the major service area of Internet hospitals, thus increasing the demand for digital chronic disease management services. The source of the historical market data and forecast includes interviews with key industry experts and leading industry participants, China Statistics Yearbook, China Health Statistics Yearbook, academic journals and annual reports of publicly listed companies.

**Key Benefits**

According to the Frost & Sullivan Report, key benefits of digital healthcare platforms for chronic disease management are:

- ***High efficiency***. Leveraging technology advantages such as AI algorithms and medical big data, a digital healthcare platform can answer an average of nearly 2,000 patient questions a day with human-machine cooperation and process information that is almost 20 times that of offline physicians.

- ***Patient-centric ecosystem***. Compared with traditional chronic disease management, digital healthcare platforms connect major stakeholders in the healthcare system and form a patient-centric ecosystem, improving access to high-quality medical resources and streamlining the prescription and treatment process.

- ***Integrating healthcare resources***. Traditional chronic disease management is separated from disease diagnosis and treatment carried out at hospitals. Digital healthcare platforms help digitalize healthcare resources that are traditionally only available at hospitals and enable community health centers to provide integrated healthcare services to patients.

**Growth Drivers**

According to the Frost & Sullivan Report, increasing prevalence of chronic diseases, concentration of medical resources in top-tier cities, increasing awareness of health management, technological advancement, and need to control medical expenditures are expected to continue to contribute to the growth of the digital chronic disease management market in China.

**Major Cost**

The cost for providing digital chronic disease management services primarily include content development cost, such as salaries and benefits for in-house content development personnel, fees paid to content contributors and service fees paid to content production service providers, and technology service fees incurred to operate an online platform, such as service fees relating to cloud and telecommunication services.

According to the Frost & Sullivan Report, content development cost for both in-house developed and outsourced content is expected to increase at a relatively steady pace. Content development cost for a specific project is largely attributable to the associated labor cost, which is calculated taking into account the number of content creators involved, their daily rates and the

total time spent. The number of content creators required and time spent for a specific project is dependent on the complexity of the content format and the amount of medical information such project requires, which are not affected by market conditions. As such, future trend of content development cost largely depends on the daily rates of content creators, which are closely related to the average wage in the industry. As the average wage in China continues to rise, daily rates have been slightly increasing over the past few years and are expected to be increasing at a relatively steady pace in the coming years. Technology service fees, including cloud services and telecommunication services, are expected to remain stable in the foreseeable future. Cloud services market in China is relatively mature and there are many cloud service providers competing in this market. As a result, the rates of cloud services is expected to be stable due to price competition. Telecommunication services market in China is dominated by the Chinese state-owned telecommunication companies. Since all industries rely on telecommunication services, telecommunication services are charged as utilities with stable rates.

## SOURCE OF INFORMATION

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the markets in which we operate. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We incurred a total of RMB550,000 in fees and expenses for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful Listing or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the Global Offering.

We have included certain information from the Frost & Sullivan Report in this prospectus because we believe such information facilitates an understanding of the markets in which we operate for potential investors. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted primary and secondary research to collect data and statistics and deliver conclusions. Primary research includes conducting in-depth, telephone and face-to-face interviews with key industry experts and leading industry participants. Secondary research includes reviewing government-derived information, including, among others, the National Health Commission of China, the National Medical Products Administration of China and the United States Food and Drug Administration, Frost & Sullivan in-house research, academic journals and annual reports of publicly listed companies.

Frost & Sullivan has prepared the Frost & Sullivan Report based on the following assumptions: (i) the overall social, economic and political environment in the PRC is expected to remain stable during the forecast period; (ii) China's economic and industrial development is likely to maintain steady growth over the next decade; (iii) 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 overall healthcare market during the forecast period; and (iv) no extreme force majeure or industry regulation will dramatically or fundamentally affect the market.

## REGULATIONS RELATING TO FOREIGN INVESTMENT

### Restrictions on Foreign Investment

Foreign investment in the PRC made by foreign investors and foreign-invested enterprises shall abide by the Guidance Catalog of Industries for Foreign Investment (外商投資產業指導目錄) (the "**Foreign Investment Catalog**"), jointly promulgated by the Ministry of Commerce of the PRC ("**MOFCOM**") and the National Development and Reform Commission of the PRC ("**NDRC**") on June 28, 1995 and successively amended on December 31, 1997, April 1, 2002, November 30, 2004, October 31, 2007, December 24, 2011, March 10, 2015 and June 28, 2017. The Foreign Investment Catalog classifies industries into "the encouraged foreign-invested industries" and "the foreign-invested industries which are subject to the Special Administrative Measures for Access of Foreign Investment (the Negative List for Access of Foreign Investment)." Except as otherwise stipulated by other laws and regulations, foreign investors are permitted to invest in industries not in the restricted or prohibited categories. The Special Administrative Measures for Access of Foreign Investment (the Negative List for Access of Foreign Investment) under the Foreign Investment Catalog was replaced by the Special Administrative Measures for Access of Foreign Investment (外商投資准入特別管理措施(負面清單)) (the "**Negative List**") jointly promulgated by the MOFCOM and NDRC on June 28, 2018 and took effect on July 28, 2018, which was amended on June 30, 2019 and June 23, 2020, and the encouraged foreign-invested industries list under the Foreign Investment Catalog was replaced by the Encouraged Foreign Investment Catalog (鼓勵外商投資產業指導目錄) which was promulgated by the NDRC on June 30, 2019 and amended on December 27, 2020. According to the Negative List, foreign investment in online audio-visual program services are prohibited, and foreign equity share in a value-added telecommunication business shall not exceed 50% (excluding e-commerce, domestic multi-party communication, store-and-forward, and call center), and the basic telecommunication services shall be controlled by the Chinese party. Medical institutions are limited to joint venture.

According to the Regulations for the Administration of Foreign-Invested Telecommunication Enterprises (外商投資電信企業管理規定) (the "**FITE Regulations**"), promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016, foreign-invested value-added telecommunication enterprises in the PRC shall be established as sino-foreign equity joint ventures, and the ultimate foreign equity ownership in a foreign-invested value-added telecommunication enterprise shall not exceed 50%. In addition, the foreign investor who intends to acquire equity interest in the value-added telecommunication businesses in the PRC shall comply with strict requirements on financial results and operating experience, such as a good track record and experience in operating value-added telecommunication businesses overseas. Moreover, foreign investors that meet these requirements shall obtain approvals from the MIIT and the MOFCOM, or their authorized local counterparts.

On March 15, 2019, the Second Session of the 13th National People's Congress ("**NPC**") of the PRC passed and promulgated the FIL, which came into force on January 1, 2020. The FIL further expands the opening up, promote foreign investment and protect the legitimate rights and interests of foreign investors. According to the FIL, the foreign investment refers to investment activities carried out directly or indirectly by foreign natural persons, enterprises or other organizations ("**Foreign Investors**") in the PRC, including the following: (a) Foreign Investors establishing foreign-invested enterprises in the PRC alone or collectively with other investors; (b) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (c) Foreign Investors investing in new projects in the PRC alone or collectively with other investors; and (d) Foreign Investors investing through other ways prescribed by laws and regulations or the State Council. Foreign-invested enterprise refers to enterprise that are wholly or partially invested by foreign investors and registered in the PRC under the PRC laws.

The State adopts the administrative system of pre-establishment national treatment and Negative List for foreign investment. A Foreign Investor shall not invest in any field prohibited from foreign investment under the Negative List. A Foreign Investor shall meet the investment conditions stipulated under the Negative List for any restricted fields under the Negative List. For fields not mentioned in the Negative List, domestic and foreign investments shall be treated equally.

For foreign investment, the State established a foreign investment information reporting system. Foreign Investors or foreign-invested enterprises shall submit investment information to the competent commerce authorities through the enterprise registration system and the enterprise credit information publicity system. The foreign investment security review system was also in place, and security reviews will be conducted on foreign investment that affects or may affect national security.

Upon the implementation of the FIL, the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法), the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法) and the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC (中華人民共和國中外合作經營企業法) have been annulled. The foreign-invested enterprises established according to the former laws may retain their original form of organizations within five years after the FIL comes into effect. The specific implementing measures will be prescribed by the State Council.

**Establishment and Change of Foreign-invested Enterprises**

The Interim Measures for the Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法), promulgated on October 8, 2016 and amended on June 29, 2018 by the MOFCOM, are applicable to

foreign-invested enterprises that are not subject to the special administrative measures for access of foreign investment according to relevant PRC laws. For the purpose of incorporation of a foreign-invested enterprise, the representative designated by all investors (or the board of directors of the foreign-invested company) or the agent jointly entrusted by them shall file the incorporation and filing information of foreign-invested enterprise online when carrying out the registration of incorporation and change with the administrations of industry and commerce and market regulation. In the case of a change of information of the foreign-invested enterprises, the representative designated by or the agent entrusted by such foreign-invested enterprise shall complete the Application Form for the Recordation of Modification of Foreign-invested Enterprises (外商投資企業變更備案申報表) and submit it together with the relevant documents online through the integrated administration system within 30 days after occurrence of such changes to complete the recordation formalities in respect of the modification.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation issued the Measures of Information Report of Foreign Investment (外商投資信息報告辦法). Upon its implementation on January 1, 2020, the Interim Measures for the Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises was annulled at the same time. According to the Measures of Information Report of Foreign Investment, foreign investors establishing foreign investment enterprises in China shall submit an initial report through the Enterprise Registration System at the time of completion of registration formalities for establishment of foreign investment enterprises. Where there is a change in the information in the initial report which involves change registration (filing) of the enterprise, the foreign investment enterprise shall submit the change report through the enterprise registration system at the time of completion of change registration (filing) for the enterprise.

## REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATION SERVICES

### License for Value-added Telecommunications Services

According to the Administrative Measures for the Licensing of Telecommunication Business (電信業務經營許可管理辦法) (the "**Telecom Licensing Measures**") promulgated by the MIIT on March 5, 2009, last amended on July 3, 2017 and took effect on September 1, 2017, the telecommunication business may be operated only after a business permit has been obtained from the telecommunication administrative department according to the law. According to the Telecommunication Regulation of the PRC (中華人民共和國電信條例), which was enacted on September 25, 2000 and amended on February 6, 2016, telecommunication services are divided into basic telecommunication services and value-added telecommunication services. The telecommunication business operator shall indicate its business license number on a prominent place such as the main business premise, website homepage and business promotion materials. In

addition, the holder of a value-added telecommunication services license is required to obtain approval from the original issuing authority in respect of any change of its operating entity, business scope or shareholders.

In addition, according to the Telecommunication Industry Classification Catalog (2015 version) (電信業務分類目錄(2015年版)) which came into force on March 1, 2016 and amended on June 6, 2019 by MIIT, "B25 Information Services" under category "B Value-added Telecommunication Services" refer to the information services provided for users via the public communication network or the Internet and by the information collection, development, processing and construction of information platforms. By technical service methods of information organization, transmission, etc., information services are classified into information release platforms and transmission services, information retrieval and inquiry services, information community platform services, instant information interaction services as well as information protection and processing services, etc.

**Internet Information Services**

According to the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法) (the "**Internet Measures**"), which was promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, Internet information services are categorized as either commercial or non-commercial services. The commercial Internet information services are subject to a permit system while the non-commercial Internet information services to a record-filing system. Entities engaged in providing commercial Internet information service shall apply for a license for value-added telecommunication services of Internet information services with the competent telecom administrative authority or State Council's department in charge of information industry. As for the operation of non-commercial Internet information services, only a filing with the competent telecom administrative authority or State Council's department in charge of information industry is required. In addition, the Internet Measures stipulate that, when the Internet information service involves areas of news, publication, education, medical treatment, health, pharmaceuticals and medical equipment, and if required by laws, administrative regulations and relevant requirements, specific approval from the respective regulatory authorities must be obtained prior to applying for the business license or carrying on filing procedures.

**Foreign Investment in Valued-Added Telecommunications Business**

According to the Circular on Strengthening the Administration of Foreign Investment in Value-added Telecommunication Services (關於加強外商投資經營增值電信業務管理的通知) promulgated by MIIT and took effect on July 13, 2006, foreign investors can only operate a telecommunication business in the PRC through establishing a foreign-invested telecommunication enterprise with a valid telecommunication business operation license; domestic license holders are

prohibited from leasing, transferring or selling telecommunication business operation licenses to foreign investors in any form, or providing any resource, sites or facilities to foreign investors to facilitate the unlicensed operation of telecommunication business in the PRC.

### Mobile Internet Application Information Services

In addition to the Internet Measures above, mobile Internet applications are specifically regulated by the Administrative Provisions on Mobile Internet Application Information Services (移動互聯網應用程序信息服務管理規定) (the "**Mobile Application Administrative Provisions**"), which was promulgated by the Cyberspace Administration of the PRC (the "**CAC**") on June 28, 2016 and took effect on August 1, 2016. Pursuant to the Mobile Application Administrative Provisions, application information service providers shall obtain the relevant qualifications prescribed by laws and regulations, strictly implement their information security management responsibilities and carry out certain duties, including establishing and completing users' information security protection mechanism and information content inspection and management mechanism, protecting users' right to know and right to choose in the process of usage, and recording users' log information and keeping it for 60 days.

Furthermore, on December 16, 2016, the MIIT promulgated the Interim Measures on the Administration of Pre-Installation and Distribution of Applications for Mobile Smart Terminals (移動智能終端應用軟件預置和分發管理暫行規定) (the "**Mobile Application Interim Measures**"), which came into force on July 1, 2017. The Mobile Application Interim Measures requires that the Internet information service providers must ensure that the content of the application are legal, users' rights are protected, and relevant information of the application are expressed clearly, and the mobile application, as well as its ancillary resource files, configuration files and user data, among others, can be uninstalled by the users on a convenient basis, unless it is a basic function software, which refers to a software that supports the normal operation of hardware and operating system of a mobile smart device.

## REGULATIONS RELATING TO INTERNET HOSPITAL BUSINESS

### General Regulations and Policies in Relation to Internet Hospital Business

According to the Guiding Opinions of the State Council on Actively Propelling the "Internet Plus" Action Plan (國務院關於積極推進「互聯網+」行動的指導意見) issued by the State Council on July 1, 2015, the new mode of online medical treatment and public health shall be promoted. It is imperative to develop online medical treatment and public health services based on the Internet, support third-party institutions to build the service platforms for sharing medical information such as medical image, health archives, testing reports, electronic medical records and other medical information, and gradually set up the standard system for cross-hospital sharing and exchange of

medical data. The mobile Internet shall be vigorously used to provide online appointment for diagnosis and treatment, reminder of waiting for diagnosis, pricing and payment, inquiry about diagnosis and treatment reports, drug delivery and other services. Medical institutions shall be guided in providing basic-level examination, higher-level diagnosis and other remote medical treatment to small and medium-sized cities and rural areas. Internet enterprises shall be encouraged to cooperate with medical institutions in establishing online medical information platforms, strengthen the integration of regional medical treatment and public health service resources, make full use of the Internet, big data and other means, and improve the capability to prevent and control major diseases and public health emergencies. Internet-extended physician's advice, electronic prescription and other Internet medical service applications shall be vigorously explored. The qualified medical inspection institutions and medical service institutions shall be encouraged to collaborate with Internet enterprises to develop gene testing, disease prevention and other health service modes.

In April 2018, the Opinions on Promoting the Development of "Internet Plus Health Care" (關於促進「互聯網+」醫療健康"發展的意見) issued by the General Office of the State Council encouraged medical institutions to apply the Internet and other information technologies to expand the space and content of medical services, developed an online and offline integrated medical service model that covers the whole process of medical service. Internet hospitals under the support of medical institutions shall be allowed. Medical institutions may use Internet hospital as their secondary name and, based on the physical hospitals, use Internet technology to provide safe and appropriate medical services, allowing follow-up online diagnosis for some common diseases and chronic diseases. After acquiring documents on the medical records of patients, physicians shall be allowed to prescribe online for some common diseases and chronic diseases.

On July 17, 2018, the National Health Commission and the National Administration of Traditional Chinese Medicine jointly promulgated three documents, including the Measures for the Administration of Internet Diagnosis and Treatment (Trial) (互聯網診療管理辦法(試行)), the Measures for the Administration of Internet Hospitals (Trial) (互聯網醫院管理辦法(試行)) and the Specifications for the Administration of Remote Medical Services (Trial) (遠程醫療服務管理規範(試行)). Pursuant to the Measures for the Administration of Internet Hospitals (Trial), "Internet hospitals" include: (a) Internet hospitals as the second name of physical medical institutions, and (b) Internet hospitals that are independently established on the support of physical medical institutions.

**Establishment Requirements of Internet Hospital**

According to the Measures for the Administration of Internet Hospitals (Trial), the PRC implements access management for Internet hospitals pursuant to the Administrative Regulations on Medical Institutions (醫療機構管理條例) and the Implementation Measures of the

Administrative Regulations on Medical Institutions (醫療機構管理條例實施細則). Before implementing access for Internet hospitals, provincial health administrative departments shall establish provincial Internet medical service supervision platforms to connect with information platforms of Internet hospitals to achieve real-time supervision. Establishing an Internet hospital is governed by the administrative approval process as stipulated in the Measures for the Administration of Internet Hospitals (Trial). According to the Measures for the Administration of Internet Hospitals (Trial), applying for establishing an Internet hospital is required to submit an application to the practice registration authority of its supported physical medical institution, and submit the application form, the feasibility study report on the establishment, the address of the supported physical medical institution, and the agreement jointly signed by the applicant and the supported physical medical institution in relation to establishing an Internet hospital through cooperation. If an Internet hospital information platform is set up through cooperation with a third-party institution, the relevant cooperation agreement should be submitted. For an Internet hospital sets up through cooperation, if the cooperation partner changes or other factors exist that will invalidate the cooperation agreement, reapplication for establishing an Internet hospital is required.

On January 7, 2019, the Health Commission of Ningxia Autonomous Region issued the Implementation Measures for the Administration of Internet Hospitals in Ningxia Hui Autonomous Region (Trial) (寧夏回族自治區互聯網醫院管理實施辦法(試行)) ("**Measures for Internet Hospitals in Ningxia**"). In terms of access of Internet hospitals, on the basis of the Measures for the Administration of Internet Hospitals (Trial), the Measures for Internet Hospitals in Ningxia clearly stipulate that the autonomous region should establish a provincial Internet medical service supervision platform and its Internet hospitals should connect with relevant information platform to achieve real-time supervision. Where an Internet hospital is established under the support of a physical medical institution, it shall submit an application for practice registration to the license issuing authority of that physical medical institution, together with relevant cooperation agreement and materials about the connections between the physical medical institution and the Internet medical service supervision platform of the autonomous region.

On August 19, 2020, the Health Commission of Yinchuan issued the Specification for the Internet Diagnosis and Treatment Service (Trial) (銀川市互聯網診療服務規範(試行)) ("**Specification**") which has been implemented on September 1, 2020, to further set forth requirements for the conduct of Internet hospital and physicians, and provide guideline for Internet diagnosis, medical records, rational drug use, medical quality supervision and data security.

**General Policies about the Regulation and Supervision of Internet Hospital**

The health administrative department of the State Council and the competent departments of Chinese medicine shall be responsible for the supervision and administration of the Internet hospitals across the PRC. The local health administrative departments at all levels (including the competent departments of Chinese medicine) shall be responsible for the supervision and management of Internet hospitals within their respective jurisdictions.

In terms of practicing rules on Internet hospitals, the Measures for the Administration of Internet Hospitals (Trial) provide that where a third-party institution jointly establishes an Internet hospital under the support of a physical medical institution, it shall provide the physical medical institution with professional services such as physicians and pharmacists, and information technology support services, and well-define the responsibilities and rights of all parties in respect of medical services, information security, and privacy protection through agreements and contracts. In terms of supervision and management of Internet hospitals, the Measures for the Administration of Internet Hospitals (Trial) clarify that provincial health administrative departments and the registration authorities for Internet hospitals jointly implement supervision on Internet hospitals through the provincial Internet medical service supervision platform, focusing on the supervision on Internet hospitals' personnel, prescriptions, treatment behaviors, patients' privacy protection and information security. Additionally, the Basic Standards for Internet Hospitals (Trial) (互聯網醫院基本標準(試行)) as attached to the Measures for the Administration of Internet Hospitals (Trial) set forth requirements for diagnosis and treatment items, departments, personnel, buildings and device and equipment, and rules and regulations of Internet hospitals.

In terms of supervision and management and basic standards of Internet hospitals, the Measures for Internet Hospitals in Ningxia put forward stricter requirements when compared with the Measures for the Administration of Internet Hospitals (Trial). For example, the former requires that physicians providing medical services in Internet hospitals shall have independent clinical working experience of more than five years and have been qualified with intermediate titles. For one applying for establishing an Internet hospital, its supported physical medical institution must be a medical institution above the second level, with independent corporate capacity and corresponding qualifications assessed by the expert committee.

**Patient Diagnosis Service**

According to the Measures for the Administration of Internet Diagnosis and Treatment (Trial), Internet diagnosis and treatment activities shall be provided by medical institutions which have obtained a "Practicing License for a Medical Institution." Physicians and nurses carrying out

Internet diagnosis and treatment activities shall be able to be found in the national electronic registration system of physicians and nurses. A medical institution shall conduct electronic real-name verification for the medical staff members carrying out Internet diagnosis and treatment activities.

Internet hospitals must inform patients about risks of Internet hospitals and obtain their consents for Internet diagnosis and treatment. When a patient receives medical treatment in a physical medical institution and the attending physician consults other physicians through Internet hospitals, the physicians providing consultation may issue diagnosis opinions and a prescription; and when a patient does not receive medical treatment in a physical medical institution, a physician may only provide follow-up diagnosis for a patient of some common diseases and chronic diseases through Internet hospitals, Internet hospitals may provide signing service for contract of family physicians. When a patient's condition changes or there are other circumstances under which online diagnosis and treatment services are inappropriate, the physician shall refer the patient to a physical medical institution. Internet diagnosis and treatment activities shall not be allowed for any patient receiving initial diagnosis.

**Management of Prescription and Medical Records**

Internet hospitals who provides Internet diagnosis and treatment activities shall strictly comply with the Measures for the Administration of Prescriptions (處方管理辦法) and other provisions on the administration of prescriptions. Before issuing a prescription online, the physician shall have the patient's medical records and issue a prescription online for the same disease diagnosed after confirming that the patient is specifically diagnosed in a physical medical institution to have a common disease or chronic disease or several common diseases or chronic diseases. The physicians are subject to making prescription recommendations to patients based on treatment standards and drug instructions. Under any of the following circumstances, the health administrative department at or above the county level shall request the medical institutions to make corrections within a grace period, and may impose a fine no more than RMB5,000; and under serious circumstances, Practice License for Medical Institutions (醫療機構執業許可證) shall be revoked: (i) prescribing by a pharmacist who has not obtained the right to prescribe or whose prescription right has been canceled; (ii) prescribing narcotic drugs and the psychotropic drugs of category I by pharmacists who have not obtained the prescription right for such narcotic drugs and psychotropic drugs; (iii) employing persons who have not obtained the qualifications for the professional and technical positions of pharmaceutical science to conduct the prescription adjustment. If the physicians issue prescriptions without obtaining prescription rights at a medical institution not registered in their licenses, during their practicing activities, they will be given a warning or be ordered to suspend their practicing activities for a period of not less than six months but not more than one year and under the serious circumstances, their Practice Certificates for Physicians will be revoked. In addition, for the standardization of prescription verification in

medical institutions, National Health Committee, State Administration of Traditional Chinese Medicine and Logistics Department of the Military Commission of the CPC Central Committee jointly issued the Rules for Prescriptions Verification in Medical Institution (醫療機構處方審核規範), which provides for detailed requirements for prescription verification from different perspectives, including but not limited to the validity, standardization and appropriateness of prescription.

Electronic signatures of physicians must be affixed to all online diagnoses and prescriptions. An e-prescription is valid only after examined by the pharmacist. The medical institution and the drug business enterprise may entrust a third-party institution meeting the conditions to distribute the drugs. No prescription of any narcotic drug, psychotropic drug, or any other drug with relatively high risk of drug use and under other special control shall be issued online. The physician issuing an e-prescription for a young child (under the age of six) shall confirm that the child is accompanied by a guardian and a relevant professional physician.

An Internet hospital carrying out Internet diagnosis and treatment activities shall, in accordance with the requirements of the Provisions on the Administration of Medical Records in Medical Institutions (醫療機構病歷管理規定), the Specifications for Application and Management of Electronic Medical Records (for Trial Implementation)(電子病歷應用管理規範(試行)), and other relevant documents, set up electronic medical records for patients and conduct management according to the provisions. Patients may check his/her medical records online such as examination and test results and materials, diagnosis treatment plans, prescriptions, physicians' advice, etc.

**Practicing Physicians**

On June 26, 1998, the Standing Committee of NPC (the "**SCNPC**") issued the Law on Licensed Practicing Physicians of the PRC (the "**Practicing Physicians Law**") (中華人民共和國執業醫師法), effective on May 1, 1999, and amended on August 27, 2009. According to the Practicing Physicians Law, when taking medical, preventive or healthcare measures and when signing relevant medical certificate, the practicing physicians shall conduct diagnosis and investigation personally and fill out the medical files without delay as required. No practicing physicians may conceal, forge or destroy any medical files or the relevant data. On November 5, 2014, the National Health and Family Planning Commission of PRC (the "**NHFPC**", now known as the National Health Commission of PRC), the NDRC, the Ministry of Human Resources and Social Security, the State Administration of Traditional Chinese Medicine, and the China Insurance Regulatory Commission (now known as the China Banking and Insurance Regulatory Commission), jointly issued Several Opinions on Promoting and Standardizing Multi-Place Practice of Physicians (推進和規範醫師多點執業的若干意見), which puts forward to simplify the registration procedure of the multiple place practice and proposes the feasibility of exploring the "record management." According to Administrative Measures for the Registration of Practicing

physicians (醫師執業註冊管理辦法), promulgated by the NHFPC on February 28, 2017, effective on April 1, 2017, practicing physicians shall obtain the practice certificate for practicing physicians to practice upon registration. Person who fails to obtain the practice certificate for practicing physicians shall not engage in medical treatment, prevention and healthcare activities. A physician who practices for multiple institutions at the same place of practice shall determine one institution as the main practicing institution where he or she practices, and apply for registration to the administrative department of health and family planning approving the practice of such institution; and, for other institutions where the physician is to practice, respectively apply for recordation to the administrative health and family planning authority. According to the Implementing Plan for the Filing of Internet Physicians (互聯網醫師執業「電子證」備案實施方案), promogulated by Yinchuan Administrative Approval Service Bureau on February 11, 2018, so as to promote administration efficiency, the physicians employed by the Internet hospital registered in Yinchuan, shall be able to practice and obtain the corresponding prescription right in such Internet hospital after filing with the Yinchuan Internet Hospital Physicians Service Platform.

**Protection of Patients' Information**

Internet hospitals shall strictly comply with the relevant laws and regulations in the PRC on information security and confidentiality of medical data, and appropriately keep patients' information, and shall not illegally trade or disclose patients' information. When patients' information and medical data are illegally or improperly disclosed, a medical institution shall report to the competent health administrative department in a timely manner and immediately take effective rectification.

**Medical Liability Insurance**

According to the Law on the Promotion of Basic Medical and Health Care of the PRC (中華人民共和國基本醫療衛生與健康促進法) issued by SCNPC on December 28, 2019, medical institutions are encouraged to participate in medical liability insurance or establish medical risk funds. If any damage is caused to a patient in the course of medical diagnosis and treatment due to the fault of the medical institution or its employees and registered physicians, according to the Article 1218 of PRC Civil Code (民法典), the medical institution shall be liable to pay compensation. Therefore, If the medical institution fails to purchase medical liability insurance, it may suffer severe losses when there is a claim against it or its registered physicians or staff, which may materially and adversely affect its operations and financial results.

## REGULATIONS RELATING TO ONLINE DRUG INFORMATION SERVICES

According to the Measures Regarding the Administration of Drug Information Service over the Internet (互聯網藥品信息服務管理辦法), promulgated by the SFDA on July 8, 2004 and amended on November 17, 2017, the operational Internet drug information service refers to the activities of providing medical information (including medical devices) and other services to Internet users through the Internet, and where any website intends to provide Internet drug information services, it shall, prior to applying for an operation permit or record-filing from the State Council's department in charge of information industry or the telecom administrative authority at the provincial level, file an application with the provincial FDA, and shall be subject to the examination and approval thereof for obtaining the qualifications for providing Internet drug information services. The validity term for a Qualification Certificate for Internet Drug Information Services is five years and may be renewed at least six months prior to its expiration date upon a re-examination by the relevant authority. Pursuant to the Measures Regarding the Administration of Drug Information Service over the Internet, the Internet drug information services are classified into two categories, namely, profit-making services and non-profitmaking services. Profit-making services refers to that of providing Internet users with drug information in return for service fees whilst non-profit-making services refers to that of providing Internet users with drug information which is shared and accessible by the public through the Internet free of charge. Furthermore, information relating to drugs must be accurate and scientific in nature, and its provision shall comply with the relevant laws and regulations. No product information of stupefacient, psychotropic drugs, medicinal toxic drugs, radiopharmaceutical, detoxification drugs and pharmaceutics made by medical institutes shall be distributed on the website. In addition, advertisements relating to drugs (including medical devices) shall be approved by the NMPA or its competent branches, and shall specify the approval document number.

## REGULATIONS RELATING TO INTERNET ADVERTISING

The SCNPC released the Advertising Law of the People's Republic of China (中華人民共和國廣告法) on October 27, 1994 and latest amended on October 26, 2018, which provides that the Internet information service providers shall not publish medical, drugs, medical machinery or health food advertisements in disguised form of introduction of healthcare and wellness knowledge.

The Interim Measures for Administration of Internet Advertising (互聯網廣告管理暫行辦法) (the "**Internet Advertising Measures**") regulating the Internet-based advertising activities, were adopted by the SAIC on July 4, 2016. According to the Internet Advertising Measures, Internet advertisers are responsible for the authenticity of the advertisements content. Publishing and

circulating advertisements through the Internet shall not affect the normal use of the Internet by users. It is not allowed to induce users to click on the content of advertisements by any fraudulent means, or to attach advertisements or advertising links in the emails without permission.

Pursuant to the Interim Administrative Measures for Censorship 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), which were promulgated by the State Administration for Market Regulation on December 24, 2019, effective on March 1, 2020, an enterprise seeking to advertise its drugs, medical devices, dietary supplement or food for special medical purpose must apply for an advertisement approval number. The validity period of the advertisement approval number concerning a drug, medical device, dietary supplement or food for special medical purpose shall be consistent with that of the registration certificate or 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 number shall be valid for two years. The content of an approved advertisement may not be altered without prior approval. Where any alteration to the advertisement is needed, a new advertisement approval shall be obtained.

## REGULATIONS RELATING TO INTERNET CULTURAL BUSINESS

According to the Interim Provisions for the Administration of Internet Culture (互聯網文化管理暫行規定) which was promulgated by the MOC on December 15, 2017, the term "Internet culture products" refers to the cultural products produced, spread, and circulated via the Internet, mainly including: (i) Internet culture products specially produced for Internet, such as online music and entertainment, online games, online shows (programs), online performances, online artworks and online cartoons; and (ii) Internet culture products that are produced by certain technical means and copied to the Internet for spreading such cultural products as music and entertainment, games, shows (programs), performance, artworks and cartoons. The term "Internet culture activities" refers to the activities of providing Internet culture products and services, mainly including: (i) producing, reproducing, importing, distributing and broadcasting Internet culture products and other activities; (ii) online communication activities of publishing cultural products on Internet, or sending cultural products via information network such as the Internet and mobile communication network to such clients as computers, fixed telephones, mobile telephones, televisions, game players, etc. as well as Internet cafes and other Internet access service business places for users to browse, enjoy, use or download; and (iii) exhibitions, competitions and other activities of Internet culture products. Internet cultural activities are divided into two categories: commercial and non-commercial. The term "commercial Internet culture activities" refers to the activities of providing Internet culture products and services for the purpose of making profits by charging fees from the users accessing the Internet or by means of electronic commerce, advertisement, sponsorship, etc. And the term "non-commercial Internet cultural activities" refers

to the activities of providing Internet cultural products and services to users accessing the Internet not for the purpose of making profits. To apply for engaging in commercial Internet culture activities, the applicant shall file an application with the administrative department of culture of the people's government of the province, autonomous region or municipality directly under the Central Government where it is located, and the said administrative department shall examine and approve the application.

## REGULATIONS RELATING TO RADIO AND TELEVISION PROGRAM PRODUCTION

According to the Provisions for the Administration of the Production and Distribution of Radio and Television Programs (廣播電視節目製作經營管理規定) which were promulgated by the State Administration of Radio, Film and Television (now known as National Radio and Television Administration) on July 19, 2004, came into effect on August 20, 2004 and amended on August 28, 2015, the state adopts a licensing system regarding the establishment of the institutions that produce and distribute radio and television programs or engaging in production and distribution of radio and television programs. License to Produce and Distribute Radio or Television Programs shall be obtained for establishing institutions that produce and distribute radio and television programs or engaging in production and distribution of radio and television programs. The state encourages domestic social organizations, enterprises and institutions (excluding wholly foreign-owned enterprises or Sino-foreign cooperative joint ventures established in China) to establish institutions that produce and distribute radio and television programs or engage in production and distribution of radio and television programs. The local broadcasting and television administrations and the license holders shall not rent, transfer or sell such license to any third parties. Those who violate the Provisions for the Administration of the Production and Distribution of Radio and Television Programs shall be punished according to the Regulations on the Administration of Radio and Television (廣播電視管理條例). Any act that constitutes a crime shall be subject to prosecution for criminal responsibility.

## REGULATIONS RELATING TO INTERNET SECURITY

The SCNPC, has promulgated and enacted the Decisions on Maintaining Internet Security (關於維護互聯網安全的決定) on December 28, 2000, amended on August 27, 2009, which may subject violators to criminal punishment in China for any effort to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights.

On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the PRC, or the Cyber Security Law (網絡安全法), which became effective on June 1, 2017. The Cyber Security Law requires network operators to comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. The Cyber

Security Law further requires network operators to take all necessary measures in accordance with applicable laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to cyber security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

## REGULATIONS RELATING TO PERSONAL INFORMATION OR DATA PROTECTION

In December 2011, the MIIT issued Several Provisions on Regulating the Market Order of Internet Information Services (規範互聯網信息服務市場秩序若干規定), which provides that an Internet information service provider may not collect any user's personal information or provide any such information to third parties without such user's consent. Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services, Internet information service providers are required to, among others, (i) expressly inform the users of the method, content and purpose of the collection and processing of such users' personal information and may only collect such information necessary for the provision of its services; and (ii) properly maintain the users' personal information, and in case of any leak or possible leak of a user's personal information, online lending service providers must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

Pursuant to the Decision on Strengthening the Protection of Online Information (關於加強網絡信息保護的決定), issued by the SCNPC in December 2012, and the Order for the Protection of Telecommunication and Internet User Personal Information (電信和互聯網用戶個人信息保護規定), issued by the MIIT in July 2013, any collection and use of any user personal information must be subject to the consent of the user, and abide to the applicable law, rationality and necessity of the business and fall within the specified purposes, methods and scopes in the applicable laws.

In addition, pursuant to Cyber Security Law of the PRC, "personal information" refers to all kinds of information recorded by electronic or otherwise that can be used to independently identify or be combined with other information to identify individuals' personal information including but not limited to: individuals' names, dates of birth, ID numbers, biologically identified personal information, addresses and telephone numbers, etc. The Cyber Security Law also provides that: (i) to collect and use personal information, network operators shall follow the principles of legitimacy, rightfulness and necessity, disclose rules of data collection and use, clearly express the purposes, means and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered; (ii) network operators shall neither gather personal information unrelated to the services they provide, nor gather or use personal information in violation of the provisions of laws and administrative regulations or the scopes of consent given by the persons whose data is gathered; and shall dispose of personal information they have saved in accordance with the provisions of laws and administrative regulations and agreements reached with users; (iii) network operators shall not divulge, tamper with or damage the personal information they have

collected, and shall not provide the personal information to others without the consent of the persons whose data is collected. However, if the information has been processed and cannot be recovered and thus it is impossible to match such information with specific persons, such circumstance is an exception. Furthermore, under the Cyber Security Law, network operators of key information infrastructure generally shall, during their operations in the PRC, store the personal information and important data collected and produced within the territory of the PRC.

Pursuant to the Ninth Amendment to the Criminal Law (刑法修正案(九)), issued by the SCNPC in August 2015, which became effective in November 2015, any Internet service provider that fails to fulfill its obligations related to Internet information security administration as required under applicable laws and refuses to rectify upon orders shall be subject to criminal penalty. In addition, Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Personal Information (關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋), issued on May 8, 2017 and effective as of June 1, 2017, clarified certain standards for the conviction and sentencing of the criminals in relation to personal information infringement. In addition, on May 28, 2020, the NPC adopted the PRC Civil Code, which came into effect on January 1, 2021. Pursuant to the PRC Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

Pursuant to the Regulations for Medical Institutions on Medical Records Management (醫療機構病歷管理規定) released on November 20, 2013, and effective from January 1, 2014, the medical institutions and physicians shall strictly protect the privacy information of patients, and any leakage of patients' medical records for non-medical, non-teaching or non-research purposes is prohibited. The NHFPC released the Measures for Administration of Population Health Information (Trial) (人口健康信息管理辦法(試行)) on May 5, 2014, which refers the medical health service information as the population healthcare information, and emphasizes that such information cannot be stored in offshore servers, and the offshore servers shall not be hosted or leased. Pursuant to the Management Measures of Standards, Safety and Service of National Health and Medical Big Data (Trial) (國家健康醫療大數據標準、安全和服務管理辦法(試行)), promulgated by the NHC on July 12, 2018 which became effective on the same date, the medical institutions should establish relevant safety management systems, operation instructions and technical specifications to safeguard the safety of healthcare big data generated in the process of health management service or prevention and cure service of diseases. And it also stipulates that such healthcare big data should be stored in onshore servers and shall not be provided overseas without safety assessment.

## REGULATIONS RELATING TO FOREIGN EXCHANGE

### General Provisions on Foreign Exchange

Due to the foreign exchange control policy of the PRC, cross-border currency transactions in the business activities and dividend distribution to the foreign investors of our PRC Subsidiaries shall comply with various administration of foreign exchange in the PRC.

The principal regulation governing foreign exchange in the PRC are the Foreign Exchange Administration Rules of the PRC (中華人民共和國外匯管理條例) which were promulgated by the State Council on January 29, 1996, came into force on April 1, 1996 and amended on January 14, 1997 and August 5, 2008, respectively. Under these rules, the current account incomes of foreign exchanges can be retained or sold to financial authorities which manage exchange settlement and sale and purchase of foreign exchange. However, approval from the State Administration of Foreign Exchange (the "**SAFE**") or its local branches is required for the relevant capital account transactions of the foreign invested enterprises, such as the capital increase and decrease. Foreign invested enterprises may purchase foreign exchange without the approval of the SAFE for trade and service-related foreign exchange transactions by providing documents evidencing such transactions. In addition, foreign exchange transactions involving direct investment, loans and investment in securities outside the PRC are subject to limitations and require approvals from the SAFE.

According to the Notice on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) or SAFE Circular 13, which was promulgated by the SAFE on February 13, 2015 and took effect on June 1, 2015, the SAFE has canceled (a) confirmation of foreign exchange registration under domestic direct investment and confirmation of foreign exchange registration under overseas direct investment; (b) registration for confirmation of the non-cash capital contribution of foreign investors under domestic direct investment and the registration for confirmation of the capital contribution made by foreign investors for acquisition of the equity interests of the Chinese side; (c) filling of overseas re-investment; and (d) annual inspection on direct investment foreign exchange. Pursuant to SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

According to the Circular of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (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) which was promulgated on June 9, 2016 and took effect on the same day, the settlement of foreign exchange under the capital account (including foreign exchange capital, external debts, funds repatriated from overseas listing, etc.) entitled to discretionary settlement according to relevant policies, shall be conducted in the banks for real business needs. The use of

foreign exchange under capital accounts of a domestic institution and the RMB funds obtained thereby from foreign exchange settlement are prohibited from the following uses: (a) direct or indirect expenditure beyond the enterprise's business scope or expenditure prohibited by laws and regulations of the State; (b) direct or indirect investments in securities or other investments than banks' principal-secured products, unless otherwise provided; (c) granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (d) construction or purchase of real estate for purposes other than self-use (except for real estate enterprises).

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including: (i) banks should check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements pursuant to the principle of genuine transactions; and (ii) domestic entities should hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to this circular, domestic entities should make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

According to the Circular of SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知) (the "**SAFE Circular 8**") promulgated and effective on April 10, 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

**Dividend Distribution**

According to the Notice of the SAFE on Issuing the Provisions on the Foreign Exchange Administration of Service Trade (國家外匯管理局關於印發服務貿易外匯管理法規的通知) which was promulgated by the SAFE on July 18, 2013 and took effect on September 1, 2013 and the Circular of the SAFE on Repealing and Revising the Regulatory Documents concerning the Reform for Registered Capital Registration System (國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知) which was promulgated on May 4, 2015, remittance of

profits, dividends and bonuses shall fall into the scope of current foreign exchange receipts and payments under trade in services, and shall be subject to the regulations of foreign exchange of trade in services. For external payments of profits, dividends and bonuses in an amount over US$50,000, the payer shall submit the resolutions of the board of directors on the distribution of profits in connection with the remittance to banks for their review.

According to the Circular of the SAFE on Further Facilitating Trades and Investments and Improving Authenticity Check (國家外匯管理局關於進一步促進貿易投資便利化完善真實性審核的通知) which was promulgated on April 26, 2016, when handling outward remittance of profits exceeding equivalent USD50,000 (exclusive) for a domestic institution, a bank shall, based on the real transaction principle, review the board resolution on profit distribution in connection with the remittance, original of the tax registration form and financial statements proving the profits. Upon completion of the remittance, the bank shall affix the seal and endorsement to the original of the tax registration form stating the actual amount remitted and date of remittance.

**Foreign Exchange Registration of Offshore Investment by PRC Residents**

According to the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purposes Companies (國家外匯管理局關於境內居民通過境外特殊目標公司融資及返程投資外匯管理有關問題的通知), or SAFE Circular 75, witch promulgated on October 21, 2005 and amended on May 29, 2007, PRC residents must register with the SAFE before establishing or controlling any company outside of China, referred to as an offshore special purpose company, for the purpose of raising funds from overseas to acquire or exchange the assets of, or acquiring equity interests in, PRC entities held by such PRC residents and to update such registration in the event of any significant changes with respect to that offshore company. the SAFE promulgated the Notice on Relevant Issues Concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investment Conducted by Domestic Residents through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知), or the SAFE Circular 37, which replaced the SAFE Circular 75.

Pursuant to SAFE Circular 37, (a) "a special purpose vehicle" is defined as offshore enterprise directly established or indirectly controlled by domestic residents (including domestic institution and individual resident) with their legally owned assets or equity of domestic enterprises, or legally owned offshore assets or equity, for the purpose of offshore investment and financing; (b) a domestic resident must register with the SAFE before he or she contributes assets or equity interests to a special purpose vehicle; (c) following the initial registration, any major changes such as change in the overseas special purpose vehicle's domestic resident shareholders, names of the special purpose vehicle and terms of operation or any increase or reduction of the

special purpose vehicle, registered capital, share transfer or swap, merger or division, or similar development, shall be reported to the SAFE for registration in time, and failing to comply with the registration procedures as set out in SAFE Circular 37 may result in penalties.

## REGULATIONS RELATING TO MERGER AND ACQUISITION OF DOMESTIC ENTERPRISES BY FOREIGN INVESTORS

According to the Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) ("**M&A Rules**") which were jointly adopted by the MOFCOM, the SAFE and other four ministries on August 8, 2006, took effect on September 8, 2006 and amended on June 22, 2009, "mergers and acquisitions of domestic enterprises by foreign investors" refers to: (a) a foreign investor converts a non-foreign invested enterprise (domestic company) to a foreign invested enterprise by purchasing the equity interest from the shareholder of such domestic company or the increased capital of the domestic company ("**Equity Merger and Acquisition**"); or (b) a foreign investor establishes a foreign invested enterprise to purchase the assets from a domestic enterprise by agreement and operates the assets therefrom; or (c) a foreign investor purchases the assets from a domestic enterprise by agreement and uses these assets to establish a foreign invested enterprise for the purpose of operation of such assets ("**Assets Merger and Acquisition**").

M&A Rules provides that mergers and acquisitions of domestic enterprises by foreign investors shall be subject to the approval of the MOFCOM or its delegates at provincial level. In the event that any domestic company, enterprise or natural person merges or acquires a domestic company that has affiliated relationship with it through an overseas company legally established or controlled by such domestic company, enterprise or natural person, the merger and acquisition applications shall be submitted to the MOFCOM for approval. Any circumvention on the requirement including domestic re-investment of a foreign invested enterprise is not allowed.

## REGULATIONS RELATING TO TAXATION

### Enterprise Income Tax

On March 16, 2007, the NPC passed the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) (the "**Enterprise Income Tax Law**") with effect from January 1, 2008. The SCNPC amended the Enterprise Income Tax Law on February 24, 2017 and December 29, 2018. According to the Enterprise Income Tax Law, the enterprise income tax rate is 25%, and that for high and new technology enterprise is 15%. A non-resident enterprise refers to an enterprise established under the law of a foreign country (region), whose actual institution of management is not within the PRC but which has offices or establishments within the PRC; or which does not have any offices or establishments within the PRC but has income sources in the PRC, and shall

pay enterprise income tax on its incomes derived from the PRC at a rate of 20%. The Implementing Regulations of the PRC Enterprise Income Tax Law (企業所得稅法實施條例) which were promulgated by the State Council on December 6, 2007 and amended on April 23, 2019 reduced the tax rate applicable to the aforesaid non-resident enterprises from 20% to 10%.

According to the Arrangement between mainland 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稅避免雙重徵稅和防止偷漏稅的安排) which was signed on August 21, 2006 and came into force from July 1, 2007 in mainland China, a resident living in either region who receives dividends distributed by an enterprise from the other region may be subject to tax of the region where the resident lives. However, if the enterprise distributing the dividends is located at the same region of the resident, the taxation law of that region shall apply. If the individual receiving the dividend is the resident of the other region, the taxation amount shall not exceed: (a) 5% of the total dividend in case the individual receiving the dividends directly owns at least 25% of the shares of the enterprise distributing the dividends; (b) 10% of the total dividend in other circumstances.

**Value-Added Tax**

The Interim Value-Added Tax Regulations of the PRC (中華人民共和國增值稅暫行條例) (the "**VAT Regulations**") were promulgated by the State Council on December 13, 1993, implemented on January 1, 1994, and amended on November 10, 2008, February 6, 2016 and November 19, 2017. The Detailed Rules for the Implementation of the PRC on VAT (中華人民共和國增值稅暫行條例實施細則) were promulgated by the MOF on December 25, 1993, and amended on December 15, 2008, October 28, 2011. Under the aforesaid regulations, entities and individuals selling goods, providing labor services of processing, repairs or maintenance, or selling services, intangible assets or real property in the PRC, or importing goods to the PRC, shall be identified as taxpayers of value-added tax, and shall pay value-added tax.

According to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (關於全面推開營業稅改徵增值稅試點的通知) which was promulgated on March 23, 2016 and came into force on May 1, 2016, entities and individuals engaging in the sale of services, intangible assets or fixed assets within the territory of the PRC are required to pay value-added tax instead of business tax.

## REGULATIONS RELATING TO INTELLECTUAL PROPERTY

The PRC has adopted comprehensive legislation governing intellectual property rights, including copyrights, domain names, patents and trademarks.

**Copyright**

Copyright in the PRC is principally protected under the Copyright Law of the PRC (中華人民共和國著作權法) and its implementation rules. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law of the PRC and related rules and regulations, shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, eliminate impacts, publicly apologize, and pay damages, etc. In addition, the Regulations on the Protection of Rights to Information Network Communication (信息網絡傳播權保護條例) promulgated by the State Council on May 18, 2006 as amended in 2013, provides specific rules on fair use, statutory license, and a safe harbor for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including copyright holders, Internet service providers, etc.

In order to further implement the Regulations on Protection of Computer Software (計算機軟件保護條例) promulgated by the State Council on June 4, 1991 and revised on December 20,2001, January 8, 2011 and January 30, 2013 respectively, the National Copyright Administration promulgated the Computer Software Copyright Registration Procedures (計算機軟件著作權登記辦法) on February 20, 2002, which applies to software copyright registration, license contract registration and transfer contract registration. The National Copyright Administration administers the management of software copyright registration and accredits the Copyright Protection Center of China as the software registration agency. The Copyright Protection Center of China should grant registration certificates to qualified applicants of computer software copyrights.

**Domain Names**

According to the Internet Domain Name Regulations (互聯網域名管理辦法) issued by the MIIT on August 24, 2017 and effective on November 1, 2017, a "domain name" refers to the character mark of hierarchical structure, which identifies and locates a computer on the Internet and corresponds to the Internet protocol (IP) address of such computer. The principle of "first come, first serve" applies to domain name registration. The applicant of domain name registration should provide its true, accurate and complete domain name information and enter into registration agreements with the domain name registration service agencies. After completing the domain name registration, the applicant will become the holder of the registered domain name. Furthermore, the applicant should pay the operating expense of the registered domain name on schedule.

**Patents**

The Patent Law of the PRC (中華人民共和國專利法) was issued by the SCNPC on March 12, 1984, and revised on September 4, 1992, August 25, 2000, December 27, 2008 and October 17, 2020 respectively, which would take effect on June 1, 2021. A patentable invention, utility model or design must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds or substances obtained by means of nuclear transformation. A patent is valid for a twenty-year term for an invention and a ten-year term for a utility model or design, starting from the application date. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent owner to use the patent, or else the use will constitute an infringement of the rights of the patent holder.

**Trademarks**

The PRC Trademark Law (中華人民共和國商標法) which was promulgated by the SCNPC in 1982 and subsequently amended in February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 and effective from November 1, 2019, and the Implementation Regulation of the PRC Trademark Law (中華人民共和國商標法實施條例) promulgated by the State Council in August 3, 2002, amended on April 29, 2014 and effective from May 1, 2014, both provide legal protection for holders of registered trademarks. In China, registered trademarks include commodity trademarks, service trademarks, collective marks, and certification marks.

Registered trademarks are valid for a period of ten years. The registered owner should proceed with renewal procedures with 12 months before the expiry of the valid period to be able to continue the use of the registered trademarks upon its expiry, with a six-month grace period allowed. The valid period for every renewed registration is ten years from the next day of the expiry of the trademark's last valid period.

**REGULATIONS RELATING TO LABOR**

The Labor Contract Law (勞動合同法) as promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012 and effective as from July 1, 2013, and its implementation rules provide requirements concerning employment contracts between an employer and its employees. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the

written employment contract. The Labor Contract Law and its implementation rules also require compensation to be paid upon certain terminations, which significantly affects the cost of reducing workforce for employers. In addition, if an employer intends to enforce a non-compete provision with an employee in an employment contract or non-competition agreement, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or ending of the labor contract. Employers in most cases are also required to provide a severance payment to their employees after their employment relationships are terminated.

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law (社會保險法) which was promulgated by the SCNPC on October 28, 2010 and became effective on July 1, 2011 and as amended on December 29, 2018, an employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated time limit and be subject to a late fee. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. According to the Regulations on Management of Housing Fund (住房公積金管理條例) which was promulgated by the State Council on April 3, 1999 and became effective on April 3, 1999 and as amended on March 24, 2019, an enterprise that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated time limit; otherwise, an application may be made to a local court for compulsory enforcement.

## REGULATIONS RELATING TO THE LEASING OF PROPERTY

Pursuant to the Administrative Measures for the Leasing of Commodity Housing (商品房屋租賃管理辦法) issued by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on December 1, 2010 and coming into force on February 1, 2011, within 30 days after the execution of the housing lease contract, parties to the leasing of housing shall handle the registration and filing procedure of the leasing of housing at the departments in charge of construction (real estate) of the governments in the municipality directly under the Central Government, city and county where the leased housing is located. Parties to the leasing of housing may entrust in writing another party to handle the registration and filing procedure of the leasing. In the event that parties to the leasing of housing fail to handle the registration and filing procedure of the leasing of housing, the department in charge of construction (real estate) of the people's government in the municipality directly under the Central Government, the cities or the

counties shall order rectification within a time limit. If rectification is not made by an individual within the time limit, a fine of less than RMB1,000 shall be imposed. If rectification is not made by an entity within the time limit, a fine of more than RMB1,000 but less than RMB10,000 shall be imposed.

Furthermore, under any of the following circumstances, the properties shall not be let out: (i) Illegal buildings; (ii) Buildings which do not comply with mandatory project construction standards such as safety, disaster prevention, etc.; (iii) Change of nature of property use which violates the provisions; or (iv) Any other circumstances for which leasing is prohibited as stipulated by laws and regulations. Persons who violate the provisions above shall be ordered by the development (real estate) department of the People's Governments of centrally-administered municipalities, municipalities or counties to make correction within a stipulated period; where there is no illegal income, a fine of not more than RMB5,000 may be imposed; where there is an illegal income, a fine ranging from one to three times the amount of illegal income may be imposed, subject to a maximum of RMB30,000.

Pursuant to the Law of the People's Republic of China on Administration of Urban Real Estate (中華人民共和國城市房地產管理法) issued by the SCNPC on August 26, 2019 and became effective on January 1, 2020, Where the owner of a building leases, with a profit-making objective, buildings on State-owned land for which the land use right is granted to the owner of the building by way of allocation, the gains on land included in the rental shall be turned over to the State.

## OVERVIEW

In June 1996, Ms. Tian Liping and Mr. Tian Lixin established Tekeneng Software Technology with a view to providing healthcare professionals, especially physicians, with powerful medical knowledge tools, starting from a comprehensive English-Chinese bilingual medical dictionary in 1998, *Medical Dictionary* (全醫藥學大詞典). From 2000 to 2012, we launched a series of solutions designed to address the various needs of physicians and pharmaceutical companies, including *Clinical Drug Reference* (用藥參考), *Reference Aid for Medicine* (醫學文獻王), *eMarketing*, our digital healthcare marketing services for pharmaceutical companies, and *Clinical Guides* (臨床指南).

To establish our strategic partnership with M3, we incorporated our Company as an exempted company with limited liability in the Cayman Islands on April 8, 2013 as the holding company of our Group and subsequently established other members of our Group, including Kingyee HK, the wholly-owned subsidiary of our Company, Jinye Tiancheng, the wholly-owned subsidiary of Kingyee HK, and Yimaihutong. Jinye Tiancheng obtained control over Yimaihutong through a series of contractual arrangements entered into between Jinye Tiancheng, Yimaihutong and its shareholders on November 6, 2013 and January 15, 2014 (the "**Original Contractual Arrangements**"). Jinye Tiancheng and Yimaihutong acquired businesses relating to the operations of our *Medlive* platform, including the associated intellectual property, from our predecessor companies, Jinye Tianxiang and Jinye Tiansheng. Following the establishment of our Group, M3 acquired 50% equity interest in our Company.

Leveraging M3's know-how, we launched *eMR* (e信使) in 2014, which is a precision digital detailing application. See "Continuing Connected Transactions — Partially Exempt Continuing Connected Transactions" for more information on our license agreement with M3. As our platform continued to grow, we further enhanced our solution offerings by rolling out *eBroadcasting* (e脈播) and our Internet hospital in 2019 and 2021, respectively. Today, we offer full-stack integrated solutions specifically designed to address the different needs of various stakeholders of the healthcare system, particularly, those of pharmaceutical and medical device companies, physicians and patients.

In preparation of the Listing, we underwent the Reorganization to reorganize Maili Technology as an indirect wholly-owned subsidiary of our Company, instead of being controlled via the contractual arrangements and terminated the Original Contractual Arrangements with Yimaihutong and entered into the current set of Contractual Arrangements. For further details, please see "— Reorganization" below and the section headed "Contractual Arrangements" in this prospectus.

## OUR MILESTONES

The following table illustrates the key milestones of our business since our inception:

| | |
|---|---|
| 1998 | *Medical Dictionary* (全醫藥學大詞典) launched. |
| 2000 | *Clinical Drug Reference* (用藥參考) launched. |
| 2004 | *Reference Aid for Medicine* (醫學文獻王) launched. |
| 2006 | *Medlive* (醫脈通) website launched. |
| 2008 | *eMarketing* , our digital healthcare marketing services for pharmaceutical companies, launched. |
| 2010 | *eSurvey* (e調研) launched. |
| 2011 | Strategic alliance with Chinese Society of Clinical Oncology established. |
| 2012 | *Clinical Guides* (臨床指南), *Clinical Drug Reference* (用藥參考) and *Medical Dictionary* (全醫藥學大詞典) mobile applications launched. |
| 2013 | Strategic partnership with multinational company, M3, established. |
| 2014 | *eMR* (e信使) launched. |
| 2018 | Strategic alliance with Beijing Wanfang Data Co., Ltd (北京萬方數據股份有限公司) established. |
| 2019 | Our registered users reached 3.0 million. |
| | *eBroadcasting* (e脈播) launched. |
| 2020 | Medical institution practicing license (醫療機構執業許可證) for our Internet hospital obtained. |
| 2021 | Our Internet hospital launched. |

## OUR SUBSIDIARIES AND OPERATING ENTITIES

As of the Latest Practicable Date, we have five subsidiaries, three of which are directly or indirectly held by our Company, two of which are Consolidated Affiliated Entities held via the Contractual Arrangements.

The principal business activities, date of incorporation and date of commencement of business of each member of our Group are set out below:

| Name of company | Principal Business Activities | Establishment Date and Date of Commencement of Business Jurisdiction of Establishment |
|---|---|---|
| Kingyee (HK) Co., Limited | Holding company of Jinye Tiancheng, the WFOE | May 3, 2013<br>Hong Kong |
| Kingyee (Beijing) Co., Ltd. (金葉天成(北京)科技有限公司) | The WFOE | August 29, 2013<br>PRC |
| Shijiazhuang Maili Technology Co., Ltd. (石家莊邁粒科技有限公司) | Research and development | October 30, 2019<br>PRC |
| Beijing Yimaihutong Technology Co., Ltd. (北京醫脈互通科技有限公司) | Provision of precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions | April 18, 2013<br>PRC |
| Yinchuan Yimaitong Internet Hospital Co., Ltd. (銀川醫脈通互聯網醫院有限公司) | Provision of Internet hospital services | August 29, 2019<br>PRC |

## DEVELOPMENT OF OUR GROUP

### Establishment of Our Predecessors

Our co-founders, Ms. Tian Liping and Mr. Tian Lixin, established Tekeneng Software Technology (特科能軟件技術) as a limited liability company in the PRC in June 1996. In January 2003, we introduced an individual shareholder, who intended to invest in us through a newly incorporated company. As a result, Tekeneng Software Technology entered into deregistration process in 2003 and the business of Tekeneng Software Technology was assumed by Jinye Tianxiang, which was established as a limited liability company in the PRC in January 2003 by Ms. Tian Liping and Mr. Tian Lixin, among other shareholders, including the individual shareholder. In August 2006, Jinye Tiansheng was established as a limited liability company by Ms. Tian Liping and Mr. Tian Lijun, among other shareholders. For detailed information of Ms. Tian Liping, Mr. Tian Lixin and Mr. Tian Lijun, see "Directors and Senior Management" of this prospectus.

**Establishment of Our Group**

On February 18, 2013, Ms. Tian Liping and Mr. Tian Lixin and Mr. Tian Lijun established Tiantian, a company incorporated in Belize with limited liability. Upon incorporation, Tiantian had an authorized share capital of US$50,000 divided into 50,000 ordinary shares with a par value of US$1.00 each with Ms. Tian Liping, Mr. Tian Lixin and Mr. Tian Lijun holding 48%, 37% and 15% equity interest in Tiantian, respectively.

To establish our strategic partnership with M3, we incorporated our Company as an exempted company with limited liability in the Cayman Islands on April 8, 2013 under the name "Kingyee Co., Limited" and as the holding company of our Group. Upon incorporation, the Company had an authorized share capital of US$500,000 divided into 500,000 ordinary shares with a nominal or par value of US$1.00 each.

On April 18, 2013, Yimaihutong was incorporated in the PRC. Upon incorporation, Ms. Tian Liping held 100% equity interest in Yimaihutong. On May 3, 2013, Kingyee HK was incorporated in Hong Kong, as a direct wholly-owned subsidiary of our Company and as an offshore intermediate investment holding company of our Group. On August 29, 2013, Jinye Tiancheng was incorporated in the PRC, as a wholly-owned subsidiary of Kingyee HK.

On October 8, 2013, we subdivided all our issued and unissued shares with par value of US$1.00 each into 100 Shares of US$0.01 each. Upon the completion of the subdivision, our authorized share capital was US$500,000 divided into 50,000,000 ordinary shares of US$0.01 each. On the same day, we allotted and issued 500,000 Shares to Tiantian, which represented all of the Shares outstanding at the time.

On November 6, 2013, Tiantian, Ms. Tian Liping, Mr. Tian Lixin and Mr. Tian Lijun entered into a share purchase agreement with M3, pursuant to which, Tiantian transferred 232,460 shares of our Company, representing 46.5% equity interest in our Company to M3, for a total purchase price of US$10.6 million. On the same day, our Company entered into a share subscription agreement with M3, Ms. Tian Liping, Mr. Tian Lixin and Mr. Tian Lijun, pursuant to which M3 subscribed 35,080 shares of our Company for a total subscription price of US$1.6 million. Following the completion of these transactions on December 15, 2013, each of Tiantian and M3 held 50% equity interest in our Company. The cost per share of our Company for M3's share purchase and share subscription (as adjusted after the Share Subdivision) was US$0.0456, representing a discount of 98.62% to the Offer Price (assuming the Offer Price is fixed at HK$25.65, being the mid-point of the indicative Offer Price range).

In order to regulate certain rights and obligations of Tiantian and M3 as shareholders of our Company, Tiantian and M3 entered into the joint venture agreement on November 6, 2013 (the "**Joint Venture Agreement**"). Pursuant to the Joint Venture Agreement, each of M3 and Tiantian had certain special rights, including but not limited to divestment rights, director nomination rights and veto rights for certain corporate actions. In preparation for the Listing, Tiantian and M3 entered into a supplemental agreement to the Joint Venture Agreement (the "**Supplemental Agreement**"), pursuant to which (i) the Joint Venture Agreement will terminate and cease to have effect immediately prior to Listing and (ii) certain special rights (including the divestment rights) have been terminated and all remaining special rights will be terminated before or upon Listing.

In addition, on November 6, 2013 and January 15, 2014, Jinye Tiancheng entered into the Original Contractual Arrangements with Yimaihutong and its shareholders to obtain control over Yimaihutong. On November 6, 2013, each of Jinye Tiancheng and Yimaihutong entered into an asset purchase agreement with Jinye Tianxiang, Jinye Tiansheng, Ms. Tian Liping, Mr. Tian Lixin and Mr. Tian Lijun, pursuant to which Jinye Tianxiang and Jinye Tiansheng transferred all businesses relating to the operations of *Medlive* platform, including the associated intellectual property, to Jinye Tiancheng and Yimaihutong.

On August 29, 2019, Yinchuan Yimaitong was incorporated in the PRC, as a direct wholly-owned subsidiary of Yimaihutong. On October 30, 2019, Maili Technology was incorporated in the PRC, as a direct wholly-owned subsidiary of Yimaihutong. Prior to the completion of the Reorganization of our Group, the businesses of our Group were operated through Jianye Tiancheng, our indirect wholly-owned subsidiary, and Yimaihutong and its subsidiaries, over which we have exercised control, and enjoyed all economic benefits thereof, via the Original Contractual Arrangements with Yimaihutong since November 6, 2013. In particular, Yimaihutong holds the material licenses to operate our *Medlive* website and desktop and mobile applications.

To ensure that the Contractual Arrangements are narrowly tailored in accordance with the requirements of the Stock Exchange and to streamline our corporate structure, our Group commenced the Reorganization to reorganize Maili Technology as an indirect wholly-owned subsidiary of our Company, instead of being controlled via the contractual arrangements. For details, see "— Reorganization" below. In addition, we terminated the Original Contractual Arrangements with Yimaihutong and entered into the current set of Contractual Arrangements with Yimaihutong. For detailed information about our Contractual Arrangements, see "Contractual Arrangements" in this prospectus.

The Company changed its name to Medlive Technology Co., Ltd. on February 24, 2021.

On March 29, 2021, the Company implemented the Share Subdivision whereby each existing issued and unissued ordinary share with par value of US$0.01 in the authorized share capital of the Company were subdivided into 1,000 ordinary shares with par value of US$0.00001 each and the authorized share capital of the Company was altered to US$500,000 divided into 50,000,000,000 shares with par value of US$0.00001 each. The total number of issued shares in the Company increased from 535,080 shares to 535,080,000 Shares.

Save for the Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme on April 2, 2021, as of the Latest Practical Date, we do not have any outstanding options, convertible or exchangeable debt securities or debt securities with warrants attached.

## MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Other than acquiring businesses from Jinye Tianxiang and Jinye Tiansheng in 2013 as disclosed in "— Development of Our Group", we have not conducted any acquisitions, disposals or mergers since the incorporation of our Company that we consider to be material to us.

## REORGANIZATION

In preparation for our Listing, our Group underwent the Reorganization. The following table sets out the key steps in the Reorganization:

| | |
|---|---|
| February 2021 | In order to ensure that our Contractual Arrangements are, and will continue to remain, narrowly tailored in accordance with the Stock Exchange's requirements set out in the listing decision HKEX-LD43-3, Yimaihutong transferred 100% of the equity interests in Maili Technology, a company engaged in research and development which was neither restricted nor prohibited from foreign investments pursuant to the applicable PRC laws and regulations, to Jinye Tiancheng, for a consideration of RMB2,000,000, being the amount of paid-up capital in Maili Technology (the "**Maili Technology Equity Interest Transfer**"). Upon completion of the transfer, Jinye Tiancheng holds the entire registered capital of RMB2,000,000 in Maili Technology. |

| | |
|---|---|
| March 2021 | Mr. Liu Xiaoxing (劉小星), our previous Director, transferred 50% of the equity interests in Yimaihutong to Dr. Li Zhuolin (李卓霖), our non-executive Director. Both Mr. Liu Xiaoxing (劉小星) and Dr. Li Zhuolin (李卓霖) were designated by M3 to be the shareholder of Yimaihutong (the "**Yimaihutong Equity Interest Transfer**"). Upon completion of the transfer, each of Ms. Tian Liping and Dr. Li Zhuolin holds 50% of registered capital of RMB10,000,000 in Yimaihutong. Such consideration paid to Mr. Liu Xiaoxing of RMB1,260,998.02 by Dr. Li Zhuolin was funded by a loan made by Jinye Tiancheng to Dr. Li Zhuolin. At the same time, such consideration paid to Mr. Liu Xiaoxing was primarily used to repay the loan made by Jinye Tiancheng to Mr. Liu Xiaoxing for the purpose of his subscription of equity interests in Yimaihutong in 2014. |
| March 2021 | We entered into the current set of Contractual Arrangements on March 8, 2021 to terminate and replace the Original Contractual Arrangements. Please refer to the section headed "Contractual Arrangements" in this prospectus for further details of the Contractual Arrangements. |

Except for the Maili Technology Equity Interest Transfer and the Yimaihutong Equity Interest Transfer as described above, there is no change in the shareholding structure of our material subsidiaries since our establishment. Please see "— Corporate and Shareholding Structure" below for the chart illustrating our corporate and shareholding structure immediately after completion of the Reorganization but before completion of the Global Offering. Our PRC Legal Adviser has confirmed that the share transfers in respect of the PRC companies in our Group as described above had been legally completed in accordance with PRC laws and regulations.

## CORPORATE AND SHAREHOLDING STRUCTURE

The following charts illustrate our corporate and shareholding structure (1) immediately before implementation of the Reorganization, (2) immediately after completion of the Reorganization but before completion of the Global Offering and (3) immediately after the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options granted or to be granted under the Share Option Schemes):

**(1) Immediately before the Reorganization**

**(2) Immediately after completion of the Reorganization but before completion of the Global Offering**

**(3) Immediately after the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options granted or to be granted under the Share Option Schemes)**

## PRE-IPO SHARE OPTION SCHEME

On March 29, 2021, we adopted the Pre-IPO Share Option Scheme. Pursuant to the Pre-IPO Share Option Scheme, we have granted the Pre-IPO Share Options to 62 Grantees on April 2, 2021. A summary of the principal terms and conditions of the Pre-IPO Share Option Scheme is set out in the paragraphs under "D. Share Option Schemes — 1. Pre-IPO Share Option Scheme" in Appendix IV to this prospectus. We will comply with applicable rules under Chapter 14A and other chapters of the Listing Rules in relation to the Pre-IPO Share Option Scheme.

## POST-IPO SHARE OPTION SCHEME

We conditionally adopted the Post-IPO Share Option Scheme pursuant to a resolution passed by our Shareholders on June 18, 2021. The implementation of the Post-IPO Share Option Scheme is conditional on the Listing. The maximum number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and the Other Schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date, being 69,017,600 Shares, or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion. A summary of the principal terms and conditions of the Post-IPO Share Option Scheme is set out in the section headed "Statutory and General Information — D. Share Option Schemes — 2. Post-IPO Share Option Scheme" in Appendix IV to this prospectus. We will comply with applicable rules under Chapter 14A and other chapters of the Listing Rules in relation to the Post-IPO Share Option Scheme.

## CAPITALIZATION OF OUR COMPANY

The following table sets out our shareholding structure on the date of this prospectus and immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options granted or to be granted under the Share Option Schemes:

| | | Number of Shares owned | Ownership percentage | Number of Shares owned | Ownership percentage[1] |
|---|---|---|---|---|---|
| **Shareholders** | **Timing of becoming a Shareholder** | **As of the date of this prospectus** | | **Upon completion of the Global Offering** | |
| Tiantian [2][3] . . | October 8, 2013 | 267,540,000 | 50.00% | 267,540,000 | 38.76% |
| M3[3][4]. . . . . | December 15, 2013 | 267,540,000 | 50.00% | 267,540,000 | 38.76% |

*Notes:*

(1) Assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options granted or to be granted under the Share Option Schemes.

(2) Ms. Tian Liping and Mr. Tian Lixin, our Founders, and Mr. Tian Lijun, the younger brother of our Founders hold 48%, 37% and 15% equity interest in Tiantian, respectively. Ms. Tian Liping is the elder sister of Mr. Tian Lixin and Mr. Tian Lijun.

(3) On December 15, 2013, Tiantian transferred 232,460 shares at par value of US$0.01 each to M3 for a total purchase price of US$10.6 million. On the same date, we issued 35,080 shares at par value of US$0.01 each to M3 for a total subscription price of US$1.6 million. The payment of the purchase price and the subscription price was settled on December 16, 2013.

(4) M3 is a stock company incorporated in Japan with limited liability on September 29, 2000, the shares of which are listed on the Tokyo Stock Exchange (Stock Code: 2413.T).

## PRC REGULATORY REQUIREMENTS

According to the M&A Rules jointly issued by MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, the State Administration for Market Regulation and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise. Where a domestic enterprise, or a domestic natural person, through an overseas company established or controlled by such enterprise or person, acquires a domestic enterprise which is related to or connected with such enterprise or person, approval from the MOFCOM is required.

Our PRC Legal Adviser is of the opinion that, based on its understanding of the current PRC laws and regulations, prior MOFCOM approval for this offering is not required because our wholly foreign-owned PRC subsidiaries were not established through a merger or acquisition of equity interest or assets of a PRC domestic company owned by PRC companies or individuals as defined under the M&A Rules.

However, there is uncertainty as to how the M&A Rules will be interpreted or implemented, and whether the relevant PRC government authorities will reach the same conclusion as our PRC Legal Adviser.

## SAFE REGISTRATION IN THE PRC

The Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or SAFE Circular 75, requires PRC residents to register with the relevant local branch of SAFE before establishing or controlling any company outside of China, referred to as an offshore special purpose company, for the purpose of raising funds from overseas to acquire or exchange the assets of, or acquiring equity interests in, PRC entities held by such PRC residents and to update such registration in the event of any significant changes with respect to that offshore company. Our PRC Legal Adviser has confirmed that each of Ms. Tian Liping, Mr. Tian Lixing and Mr. Tian Lijun had completed the registration under the SAFE Circular 75 on December 12, 2013 as a result of the reorganization of our Group in accordance with PRC laws.

## INTRODUCTION

Foreign investment activities in the PRC are mainly governed by the Encouraged Industry Catalogue for Foreign Investment (2020 version) (《鼓勵外商投資產業目錄(2020年版)》) (the "**Catalogue**"), which was promulgated and is amended from time to time jointly by the MOFCOM and the NDRC and the Special Administrative Measures on Access of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》), the latest amended version of which was jointly promulgated by the MOFCOM and the NDRC on June 23, 2020 and took effect from July 23, 2020 (the "**Negative List**"). The Catalogue and the Negative List stipulate industries in which foreign investment is restricted and prohibited.

We are primarily engaged in the operation of an online professional physician platform and mainly offer three types of solutions, namely precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions.

Yimaihutong operates our *Medlive* website and desktop and mobile applications. The provision of medical knowledge solutions on our *Medlive* website and desktop and mobile applications involves the provision by Yimaihutong of medical information and content (including *Clinical Guides* (臨床指南), *Reference Aid for Medicine* (醫學文獻王), *Clinical Drug Reference* (用藥參考) and *Medical Dictionary* (全醫藥學大詞典)) for fees (including membership fees) and therefore is subject to restrictions under PRC regulations relating to value-added telecommunication. Furthermore, Yimaihutong is engaging in the business for any foreign-related market investigation and planning to engage in the production of online medical radio and television video shows and programs, once such production commences, Yimaihutong will be engaging in the production of radio and television video and programs and Internet culture business. Yimaihutong, holds the relevant licenses, including the value-added telecommunications business operating license for provision of Internet information services (電信與信息服務業務經營許可證) (the "**ICP License**"), the radio and television program production license (廣播電視節目製作許可證) (the "**Radio and TV License**") the Internet cultural operation license (網絡文化經營許可證) (the "**Internet Culture License**") and the License for Foreign-Related Investigation (涉外調查許可證) (the "**Foreign-Related Investigation License**"), required for carrying out the above services and operating the aforementioned businesses. Yinchuan Yimaitong's business focus is to provide online consultation and e-prescription services through its own platform through cooperation with a qualified hospital in Ningxia Autonomous Region, or Internet hospital services. Yinchuan Yimaitong holds the medical institution practicing license (醫療機構執業許可證) ("**Medical Institution Practicing License**"), required for carrying out the Internet hospital service. As advised by our PRC Legal Adviser, the aforementioned businesses (the "**Relevant Businesses**") are considered to involve (i) value-added telecommunications services; (ii) foreign-related market investigation business; (iii) radio and television program production business; (iv) Internet culture business and (v) Internet hospital services, which are subject to foreign investment restrictions

and/or prohibition under the Negative List or pursuant to other rules and regulations. For further details of the limitations on foreign ownership in PRC companies conducting the aforementioned business under PRC laws and regulations, please see the section headed "Regulatory Overview".

The revenue contribution of all of the Consolidated Affiliated Entities to our Group, taking into account all of their respective businesses with or without foreign investment restrictions under PRC laws, amounted to approximately 4%, 10% and 11% of the total revenue of our Group for the three years ended December 31, 2020, respectively. The revenue contribution of the businesses of the Consolidated Affiliated Entities with foreign investment restrictions under PRC laws, being fees (including membership fees) paid by users for the access of medical information and content on our *Medlive* website and desktop and mobile applications and service fees received from overseas pharmaceutical companies for digital market research solutions under *eSurvey* on our *Medlive* platform, amounted to approximately 3.3%, 6.7% and 4.7% of the total revenue of our Group for the three years ended December 31, 2020 respectively.

Overseas pharmaceutical companies looking to conduct marketing campaigns use our digital market research solutions through *eSurvey* in our *Medlive* platform to conduct pre-marketing surveys, which is a foreign investment restricted business, together with our digital content creation and digital detailing solutions to conduct precision digital marketing, which are non-foreign investment restricted businesses, which form an inseparable solution for such overseas pharmaceutical companies' campaigns. In such cases, Yimaihutong had entered into transactions with customers for the provision of such services, leading to revenue contribution from the Consolidated Affiliated Entities of non-foreign investment restricted businesses during the Track Record Period.

**(i) "Restricted" — Value-added telecommunication services business**

Yimaihutong is required to hold an ICP License as provision of medical knowledge solutions on our *Medlive* website and desktop and mobile applications, which involves the provision by Yimaihutong of medical information and content (including *Clinical Guides* (臨床指南), *Reference Aid for Medicine* (醫學文獻王), *Clinical Drug Reference* (用藥參考) and *Medical Dictionary* (全醫藥學大詞典)) for fees (including membership fees), falls within the scope of the "value-added telecommunications services" under the Telecommunications Regulations (《電信條例》). Foreign investors are not allowed to hold more than 50% equity interests in any enterprise conducting value-added telecom business (excluding e-commerce, domestic multiparty communication services, store-and-forward services and call center services).

***Qualification Requirements***

On December 11, 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the "**FITE Regulations**"), which were amended on September 10, 2008 and February 6, 2016. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in and a proven track record of operating value-added telecommunications businesses overseas (the "**Qualification Requirements**"). Enterprises engaged in value-added telecom business in the PRC with foreign investors that meet these requirements must obtain approvals from MIIT and/or its authorized local counterparts which retain considerable discretion in granting such approvals. Currently none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirements. The MIIT issued a guidance memorandum on the application requirement for establishing foreign-invested value-added telecommunications enterprises in the PRC. According to this guidance memorandum, an applicant is required to provide, among other things, the applicant's previous telecommunications business licenses issued by the relevant local authorities, satisfactory proof of the Qualification Requirements and a business development plan. The guidance memorandum does not provide any further guidance on the proof, record or document required to support the proof satisfying the Qualification Requirements. Further, this guidance memorandum does not purport to provide an exhaustive list on the application requirement. Our PRC Legal Adviser has advised us that as of the Latest Practicable Date, no applicable PRC laws, regulations or rules have provided clear guidance or interpretation on the Qualification Requirements.

Despite the lack of clear guidance or interpretation on the Qualification Requirements, we intend to gradually build up our track record of overseas telecommunications business operations for the purposes of being qualified, as early as possible, to acquire the entire equity interests in the Consolidated Affiliated Entities when the relevant PRC law allow foreign investors to invest and to hold a majority interest in value-added telecommunications enterprises in China. We intend to take the following measures to meet the Qualification Requirements:

- We have registered the domain name, medlive.hk, in Hong Kong.

- We are planning to construct a website in Hong Kong using traditional Chinese characters that will facilitate potential Chinese users that customarily read traditional Chinese to access and read some of our content that is available in our PRC website. In this connection, we have taken appropriate steps to protect our intellectual property rights, including registering a trademark in Hong Kong.

- The website in Hong Kong will form the basis of our overseas expansion and we will cautiously consider constructing other offshore websites and recruiting personnel for that purpose taking into account the capital needs of our business in China and risks involved in overseas expansion.

Our PRC Legal Adviser and the PRC legal adviser of the Joint Sponsors conducted a consultation with the division director of the Communication Development Department of the MIIT (工業和信息化部通信發展司) on March 7, 2021, during which it confirmed that (i) there is no set criteria for the Qualification Requirements, (ii) the measures described above such as the construction of a website overseas (including Hong Kong) and related proposed business activities which relate to value-added telecommunications operations may be generally deemed to fulfill the Qualification Requirement, subject to MIIT's substantive examination and its discretion to decide whether our Group satisfies the Qualification Requirement , and (iii) in the case of Yimaihutong, we will not be granted an ICP license through any sino-foreign equity joint venture or wholly-owned foreign investment entity even if we meet the Qualification Requirements. Qualification Requirements will not be satisfied if the foreign entity without actual business intends to directly or indirectly acquire equity interests of ICP licenses holder. Our PRC Legal Adviser has confirmed that (i) the MIIT is the competent authority to provide such confirmation and (ii) based on the confirmations given by the MIIT and subject to the discretion of the competent authorities and a substantive examination by the MIIT in accordance with the approval procedures under PRC laws and regulations on whether the Group has fulfilled the Qualification Requirements, the above steps taken by us are reasonable, appropriate and sufficient in relation to the Qualification Requirements.

We will, as applicable and when necessary, make inquiries with relevant PRC authorities to understand any new regulatory development and assess whether our level of overseas experience is sufficient to meet the Qualification Requirements.

**(ii) "Restricted" — Internet Hospital Services**

Yinchuan Yimaitong is required to hold a Medical Institution Practicing License to engage in Internet hospital services.

As advised by our PRC Legal Adviser, as the PRC Internet healthcare industry is new and evolving, the Negative List lacks clear guidance on the categorization of operation of "Internet hospital services" in terms of foreign investment restriction. However, according to the Provisional Measures for the Administration of Medical Institutions in the Form of Sino-foreign Equity or Contractual Joint Venture (《中外合資合作醫療機構管理暫行辦法》), operation of "medical institutions" falls within the "restricted category" and foreign investors are not allowed to hold more than 70% equity interests in a "medical institution". Yinchuan Yimaitong has a Medical

Institution Practicing License issued by Yinchuan Approval Service Administration (銀川市審批服務管理局). The license stipulates that the licensed diagnostic and treatment services shall be provided via the Internet. Our PRC Legal Adviser has advised that it remains uncertain whether the foreign investment restrictions applicable to "medical institutions" would apply to Yinchuan Yimaitong.

On February 2, 2021, our PRC Legal Adviser and the PRC legal adviser of the Joint Sponsors conducted an interview with the director of Yinchuan Data Industrial Development Service Center (銀川市大數據產業發展服務中心) as the examination and verification authority responsible for the online precondition review for the application of the Medical Institution Practicing License. Yinchuan Data Industrial Development Service Center confirmed that they would not issue the Certificate of the City-level Internet Hospital Regulatory Platforms (市級互聯網醫院監管平台證明) (the "**Certificate**") if there is any foreign investor investing in Yinchuan Yimaitong. Without the Certificate from Yinchuan Data Industrial Development Service Center, Yinchuan Approval Service Administration (銀川市審批服務管理局), the ultimate authority to approve applications for the operation of Internet hospital service, will not proceed with the issuance of the Medical Institution Practicing License. On February 3, 2021, our PRC Legal Adviser and the PRC legal adviser of the Joint Sponsors conducted an interview with the division deputy director of Yinchuan Approval Service Administration. Yinchuan Approval Service Administration confirmed that the establishment of sino-foreign equity joint venture Internet hospitals is prohibited, and there is no precedent for any sino-foreign joint venture of Internet hospitals.

Our PRC Legal Adviser confirmed that (i) each of Yinchuan Data Industrial Development Service Center and Yinchuan Approval Service Administration is a competent authority on the basis that (a) according to the Provisions on the Function Configuration and Internal Organizations of Yinchuan Approval Service Administration (《銀川市審批服務管理局職能配置和內設機構規定》) promulgated on July 13, 2020, the responsibilities of Yinchuan Approval Service Administration include approving the establishment and operation of medical institutions and Yinchuan Approval Service Administration confirmed during the interview that it is the approval department for the establishment of Internet hospitals, and (b) Yinchuan Data Industrial Development Service Center is the approval authority with respect to the issuance of the Certificate, being a prerequisite and necessary document without which Yinchuan Approval Service Administration will not proceed with the issuance of the Medical Institution Practicing License, and (ii) the interviewees are the director of Yinchuan Data Industrial Development Service Center and the division deputy director of Yinchuan Approval Service Administration and they are competent authorities to give the confirmation above-mentioned, and, based on such confirmation, our Company is currently unable to establish a sino-foreign equity joint venture to obtain the Medical Institution Practicing License for Internet hospital.

**(iii) "Restricted" — Foreign-Related Investigation Service**

Under precision marketing and corporate solutions, Yimaihutong provides digital market research solutions to overseas pharmaceutical companies under *eSurvey* on our *Medlive* platform, which is considered to be engaged in foreign-related market investigation business, and as such, Yimaihutong is required to hold a Foreign-Related Investigation License. According to the Measures for the Administration of Foreign-related Investigation (涉外調查管理辦法) issued by the National Bureau of Statistics of China (國家統計局) on October 13, 2004, (i) the National Bureau of Statistics shall be in charge of the qualification evaluation for institutions applying for Foreign-Related Investigation License and (ii) no overseas organization or individual may directly conduct any market or social investigation in China or conduct any market or social investigation through any institution without the foreign-related investigation license. In addition, the Negative List requires market investigation shall only be limited to the form of equity joint venture; for radio and television ratings survey therein, controlling stake shall be held by the Chinese Party.

Based on consultations on March 29, 2021 and June 9, 2021, in both cases with the duty officer of Civilian and Foreign-related Investigation Management Office of the Law Enforcement Supervision Bureau under the National Bureau of Statistics of China (國家統計局執法監督局民間和涉外調查管理處) which is the relevant competent authority, (i) companies that engages in market investigation shall only be limited to the form of sino-foreign equity joint venture and the National Bureau of Statistics of China has discretion over the specific proportion of equities held by foreign investors, (ii) foreign investments in companies that engages in social investigation are prohibited, and (iii) given the nature of the business of Yimaihutong and the types of investigations that it conducts or may conduct, we will not be granted a Foreign-Related Investigation License through any sino-foreign equity joint venture. Based on the aforesaid, it is concluded that foreign investment in Yimaihutong is prohibited. The consultations were conducted in the form of telephone consultation, through the consultation telephone hotline posted on the official website of National Bureau of Statistics of China, regarding the foreign-related investigation license approval. As advised by our PRC Legal Adviser, the National Bureau of Statistics of China is the competent authority.

The provision of digital market research solutions to overseas pharmaceutical companies by Yimaihutong is part of our precision marketing and corporate solutions which forms an integral part of the operations of our *Medlive* platform. Given that Yimaihutong also engages in value-added telecommunications services and plans to engage in radio and television program production business and Internet culture business, which are subject to foreign investment restrictions or prohibitions as disclosed in this prospectus and highly integrated, corelated and inseparable from each other, we are restricted from holding direct interests in Yimaihutong, despite the fact that foreign investors may engage in market investigation through sino-foreign equity joint ventures.

**(iv) "Prohibited" — Production of radio and television video and programs and Internet cultural business**

Yimaihutong is required to hold a Radio and TV License and an Internet Culture License for engaging in the business of the production of online medical radio and television video programs, such as special topics, special columns and other radio and television programs, where foreign investment is prohibited according to the Negative List.

## OUR CONTRACTUAL ARRANGEMENTS

Because foreign investment in the Relevant Businesses is subject to restrictions and/or prohibitions under current PRC laws and regulations as outlined above, we are restricted from holding direct interests in:

(i) Yimaihutong, which (a) provides medical information and content for fees (including membership fees) on our *Medlive* website and desktop and is closely related to and forms an integral part of the operations of our *Medlive* website and desktop by Yimaihutong, and (b) holds the Radio and TV License and Internet Culture License and (c) holds the License for Foreign-Related Investigation for engaging in the business for any foreign-related market investigation; and

(ii) Yinchuan Yimaitong, which provides Internet hospital services.

We do not directly own any equity interests in the Consolidated Affiliated Entities. Yimaihutong is held by Ms. Tian Liping as to 50% and Dr. Li Zhuolin (李卓霖) as to 50%, and Yinchuan Yimaitong which is wholly-owned by Yimaihutong.

In view of the aforementioned PRC regulatory background, after consultation with our PRC Legal Adviser, we determined that it was not viable for our Company to hold the Consolidated Affiliated Entities directly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by the Consolidated Affiliated Entities through the Contractual Arrangements between Jinye Tiancheng, on the one hand, and Yimaihutong (which holds all of the equity interests in Yinchuan Yimaitong) and the Registered Shareholders, on the other. The Contractual Arrangements allow the results of operations and assets and liabilities of the Consolidated Affiliated Entities to be consolidated into our results of operations and assets and liabilities under HKFRS as if they were subsidiaries of our Group.

In order to comply with PRC laws and regulations while availing ourselves of international capital markets and maintaining effective control over all of our operations, we commenced a series of reorganization activities.

In connection with the Listing and in order to ensure that our Contractual Arrangements are, and will continue to remain, narrowly tailored in accordance with the Stock Exchange's requirements, (i) Yimaihutong transferred 100% of the equity interests in Maili Technology, a company engaged in research and development which was neither restricted nor prohibited from foreign investments pursuant to the applicable PRC laws and regulations, to Jinye Tiancheng and (ii) we entered into the current set of Contractual Arrangements on March 8, 2021 to terminate and replace the Original Contractual Arrangements that we entered into on November 6, 2013 and January 15, 2014. Jinye Tiancheng has effective control over the financial and operational policies of the Consolidated Affiliated Entities and have become entitled to all the economic benefits derived from their operations. See the section headed "History, Reorganization and Corporate Structure — Reorganization" in this prospectus for further details. Based on the above, we believe that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into between Jinye Tiancheng and the Consolidated Affiliated Entities; (ii) by entering into the Exclusive Operation Services Agreement with Jinye Tiancheng, which is our subsidiary incorporated in PRC, the Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after the Listing, and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

*Notes:*

(1) The Registered Shareholders are Ms. Tian Liping and Dr. Li Zhuolin (李卓霖), who holds 50% and 50% of the equity interests in Yimaihutong, respectively.

(2) The Exclusive Operations Service Agreement, Exclusive Option Agreement, Loan Agreements, Shareholders' Rights Entrustment Agreement, Equity Pledge Agreement and Spouse Undertakings together form the legal relationship under the Contractual Arrangements.

## Summary of the agreements under the Contractual Arrangements and other key terms thereunder

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

### *Exclusive Operation Services Agreement*

The Registered Shareholders and Yimaihutong have entered into exclusive operation services agreement with Jinye Tiancheng on March 8, 2021 (the "**Exclusive Operation Services Agreement**"), pursuant to which, Yimaihutong agreed to engage Jinye Tiancheng as its exclusive provider of technical support, consulting services and other services in exchange for a service fee.

Under the Exclusive Operation Services Agreement, the services to be provided include but are not limited to (i) provide advice, support and assistance relating to the operation of medical information business, investigation business and e-detailing business, operation, project and membership management and accounting and tax management; (ii) formulate plans relating to Yimaihutong's current and future assets and business operations and be responsible for implementing these plans; (iii) provide opinions, suggestions and management to improve Yimaihutong's human resources and operational capabilities; (iv) assist Yimaihutong in collecting technical and commercial data and conducting market research and provide industry information and management strategies; (v) screen and recommend customers for Yimaihutong and provide recommendations and strategies relating to promotion; (vi) second Jinye Tiancheng's technicians and employees to Yimaihutong to provide technical operation monitoring, market strategy research, and formulate operating strategies; (vii) provide suggestions and opinions on the establishment and improvement of company structure, management system and department configuration; (viii) screen and recommend suppliers for Yimaihutong; (ix) license Yimaihutong the right to use all necessary intellectual property rights of Jinye Tiancheng; and (x) other relevant technical services, operation and maintenance, equipment and facilities provision, management and consulting services provided from time to time at the request of Yimaihutong as permitted by the laws and regulations of the PRC.

Jinye Tiancheng has exclusive proprietary rights and interests to all the intellectual properties developed or created by itself from the performance of these services and has the right to use such proprietary rights free of charge. During the term of the Exclusive Operation Service Agreement, Jinye Tiancheng may use the intellectual property rights owned by Yimaihutong and its subsidiary free of charge and without any conditions. Yimaihutong and its subsidiary may also use the intellectual property work created by Jinye Tiancheng from the services performed by Jinye Tiancheng in accordance with the Exclusive Operation Service Agreement. Without a prior written consent of Jinye Tiancheng, Yimaihutong shall not, and shall procure its subsidiary not to, assign, transfer, mortgage, license or otherwise dispose of any of the above intellectual property rights.

Under the Exclusive Operation Services Agreement, the service fee shall be an amount equal to 100% of the distributable net profit of Yimaihutong of a given audited financial year, after deducting losses from the previous financial years (if any) and any statutory provident fund (if applicable). Apart from the service fees, Yimaihutong shall reimburse all reasonable costs, reimbursed payments and out-of-pocket expenses incurred by Jinye Tiancheng in connection with the performance of the Exclusive Operation Services Agreement and provision of services.

In addition, without a prior written consent of Jinye Tiancheng, during the term of the Exclusive Operation Services Agreement, the Registered Shareholders and Yimaihutong shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar corporation relationships with any third party. Jinye Tiancheng has the right to appoint any third party to provide any or all of the services, or to fulfill its obligations under the Exclusive Operation Services Agreement.

The Exclusive Operation Services Agreement shall become effective from signing and shall continue to be effective until being terminated in accordance with the terms therein. According to the Exclusive Operation Services Agreement, unless otherwise required by applicable PRC laws and regulations, none of the parties to the agreement (except Jinye Tiancheng) is entitled to unilaterally terminate the agreement. Furthermore, pursuant to the Exclusive Operation Services Agreement, it may only be terminated in the event that (i) continued performance of the obligations of the agreements will result in violation of or non-compliance with the applicable PRC laws and regulations, the Listing Rules or the requirements of the Stock Exchange, (ii) Jinye Tiancheng or its designated person(s) directly holds all the equity interests in Yimaihutong, and all of the Registered Shareholders' equity interests in Yimaihutong or all of the assets of Yimaihutong attributable to the Registered Shareholders are transferred to Jinye Tiancheng pursuant to applicable PRC laws and regulations or (iii) Jinye Tiancheng unilaterally terminates the agreement.

***Exclusive Option Agreement***

On March 8, 2021, Jinye Tiancheng, the Registered Shareholders and Yimaihutong entered into exclusive option agreement (the "**Exclusive Option Agreement**").

Pursuant to the Exclusive Option Agreement, (i) each of the Registered Shareholders irrevocably and unconditionally grants an exclusive option to Jinye Tiancheng which entitles Jinye Tiancheng to elect to purchase at any time, itself or through its designated person(s), when permitted by the then applicable PRC laws, (a) all or any part of the equity interests in Yimaihutong and (b) the Registered Shareholders' present and future rights, interests, income, claims, current or future receivables and compensations related to their equity interests in Yimaihutong and dividends and other payments distributed from Yimaihutong to the Registered Shareholders from time to time and (ii) Yimaihutong irrevocably and unconditionally grants an exclusive option to Jinye Tiancheng which entitles Jinye Tiancheng to elect to purchase at any time, itself or through its designated person(s), when permitted by the then applicable PRC laws, all or part of the assets of Yimaihutong. The transfer price of the relevant equity interests and assets shall be the minimum purchase price permitted under PRC law, and each of the Registered Shareholders and Yimaihutong will undertake that she/it will, subject to applicable PRC laws, return in full the consideration received in relation to such transfer of equity interests or assets to Jinye Tiancheng.

The Registered Shareholders undertake to develop the business of Yimaihutong and not to take any action which may affect their asset value, goodwill and effectiveness of business licenses. Furthermore, in the absence of prior written consent of Jinye Tiancheng, the Registered Shareholders shall not (i) transfer or otherwise dispose of any option under the Exclusive Option Agreement, or create any encumbrances thereon; and Yimaihutong shall not assist in transferring or otherwise disposing of any option under the Exclusive Option Agreement, or creating any encumbrances thereon; (ii) require Yimaihutong to distribute dividends or other forms of profit distribution in respect of their equity interest of Yimaihutong. In any event, if the Registered Shareholders receive any of Yimaihutong's income, profit distribution, or dividends, the Registered Shareholders shall, within the scope permitted by laws and regulations of the PRC, waive the receipt of such income, profit distribution, or dividends, and immediately pay the same to Jinye Tiancheng or its designated person(s); (iii) directly or indirectly (by itself or through the entrustment of any other natural person or legal person entity) carry out, own or acquire any business compete with or likely compete with the business of Jinye Tiancheng or our Group; and (iv) engage in business operations or any other conduct which will adversely affect Jinye Tiancheng's reputation.

In the absence of prior written consent of Jinye Tiancheng, Yimaihutong shall not (i) directly or indirectly dispose or dilute the rights and interests of its subsidiary and branches; (ii) change its principal business, conduct any business activities that may have a significant impact on its assets, business, rights and operations; (iii) carry out merger, form partnership or joint venture with any person, acquire or invest in any person, carry out division or reorganization, amend its articles of association or any joint venture contract and change registered capital or the form of the company; and (iv) incur, inherit, guarantee or allow any debt, except (a) debts generated in the normal course of business other than through loans; and (b) debts that have been disclosed to, and approved in writing by, Jinye Tiancheng.

In addition, the Registered Shareholders and Yimaihutong undertake that, upon Jinye Tiancheng issuing the notice to exercise the option in accordance with the Exclusive Option Agreement, they will implement necessary actions to effect the transfer and relinquish any pre-emptive right, if any. Each of the parties to the Exclusive Option Agreement confirms and agrees that (i) in the event of a dissolution or liquidation of Yimaihutong under the PRC laws, all the residual assets which are attributable to the Registered Shareholders shall be transferred to Jinye Tiancheng or its designated person(s) at the minimum purchase price permitted under PRC law, and each of the Registered Shareholders and Yimaihutong undertakes that they will, subject to applicable PRC laws, return in full the consideration received in relation to such transfer to Jinye Tiancheng or its designated person(s), (ii) in the event of bankruptcy, death or incapacity divorce of the Registered Shareholders, change of shareholders or any other event which causes changes to the Registered Shareholders' shareholding in Yimaihutong, the successor of the Registered Shareholders' equity interest in Yimaihutong shall be bound by the Contractual Arrangements, and (iii) any disposal of shareholding in Yimaihutong shall be governed by the Contractual Arrangements unless Jinye Tiancheng consents otherwise in writing.

The Exclusive Option Agreement shall become effective from signing. The Exclusive Option Agreement has an indefinite term and a termination provision which stipulates that unless otherwise required by applicable PRC laws and regulations, none of the parties to the agreements (except Jinye Tiancheng) is entitled to unilaterally terminate the agreement.

The Exclusive Option Agreement may only be terminated in the event that (i) continued performance of the obligations of the agreement will result in violation of or non-compliance with the applicable laws and regulations, the Listing Rules or the requirements of the Stock Exchange, (ii) Jinye Tiancheng or its designated person(s) directly holds all the equity interests in Yimaihutong, and all of the Registered Shareholders' equity interests in Yimaihutong or all of the assets of Yimaihutong attributable to the Registered Shareholders are transferred to Jinye Tiancheng pursuant to applicable PRC laws and regulations or (iii) Jinye Tiancheng unilaterally terminates the agreement.

***Loan Agreements***

Pursuant to the loan agreement dated November 6, 2013 between Jinye Tiancheng and Ms. Tian Liping and the loan agreement dated March 2, 2021 between Jinye Tiancheng and Dr. Li Zhuolin (李卓霖) (together, the "**Loan Agreements**"), Jinye Tiancheng (i) made a loan in an amount of RMB1,000,000 to Ms. Tian Liping for the capitalization of Yimaihutong and (ii) made a loan in an amount of RMB1,260,998.02 to Dr. Li Zhuolin (李卓霖) primarily for the payment of the consideration for the transfer of the equity interest in Yimaihutong in March 2021. Pursuant to the Loan Agreements, the Registered Shareholders can only repay the loans by the sale of all their equity interest in Yimaihutong to Jinye Tiancheng or its designated person. The Registered Shareholders must sell all of their equity interests in Yimaihutong to Jinye Tiancheng or its designated person and pay all of the proceeds from sale of such equity interests or the maximum amount permitted under PRC law to Jinye Tiancheng. In the event that Registered Shareholders sell their equity interests to the Jinye Tiancheng or its designated person with a price equivalent to or less than the amount of the principal, Jinye Tiancheng shall waive the repayment of the remaining amount. If the price is higher than the amount of the principal, the excess amount will be paid to Jinye Tiancheng or its designated person. The Loan Agreements do not have a term and the loans must be repaid immediately under certain circumstances, including, among others, (i) the death of the Registered Shareholders or when the Registered Shareholders become persons with limited capacity, (ii) the Registered Shareholders are suspected of criminal activities or (iii) breach of the terms and conditions of the Loan Agreements.

***Shareholders' Rights Entrustment Agreement***

On March 8, 2021, Jinye Tiancheng, the Registered Shareholders and Yimaihutong entered into the shareholders' rights entrustment agreement (the "**Shareholders' Rights Entrustment Agreement**").

Pursuant to the Shareholders' Rights Entrustment Agreement, the Registered Shareholders irrevocably and unconditionally agree to authorize Jinye Tiancheng (and its successors or liquidators) or a natural person designated by Jinye Tiancheng (the "**Attorney**") to exercise all of his/her rights and powers as a shareholder of Yimaihutong (as applicable), including without limitation:

- to suggest, propose and attend shareholders' meetings of Yimaihutong and to execute any and all meeting notices, written resolutions and meeting minutes in the name and on behalf of such shareholder;

- to file documents with the relevant companies registry;

- to exercise all shareholder's rights and shareholder's voting rights in accordance with PRC laws and the constitutional documents of Yimaihutong, including but not limited to (i) deal, manage and obtain the assets of, and obtain the income of, Yimaihutong; and (ii) the sale, transfer, pledge or disposal of any or all of the equity interests in Yimaihutong;

- to nominate or appoint the directors, supervisors, general manager and other senior management of Yimaihutong; and

- to make decisions on major matters related to Yimaihutong's business and review and approve all relevant reports and plans.

As Jinye Tiancheng is a subsidiary of the Company, the terms of the Shareholders' Rights Entrustment Agreement will give the Company control over all corporate decisions made by such Attorney and exercise management control over Yimaihutong.

The Shareholders' Rights Entrustment Agreement shall become effective from signing and has an indefinite term. The Shareholders' Rights Entrustment Agreement may only be terminated in the event that (i) continued performance of the obligations of the agreement will result in violation of or non-compliance with the applicable laws and regulations, the Listing Rules or the requirements of the Stock Exchange, (ii) Jinye Tiancheng or its designated person(s) directly holds all the equity interests in Yimaihutong, and all of the Registered Shareholders' equity interests in Yimaihutong or all of the assets of Yimaihutong attributable to the Registered Shareholders are transferred to Jinye Tiancheng pursuant to applicable PRC laws and regulations or (iii) Jinye Tiancheng unilaterally terminates the agreement.

***Equity Pledge Agreement***

On March 8, 2021, Jinye Tiancheng, the Registered Shareholders and Yimaihutong entered into equity pledge agreement (the "**Equity Pledge Agreement**"). Pursuant to the Equity Pledge Agreement, the Registered Shareholders agree to pledge (i) all of their respective equity interests in Yimaihutong to Jinye Tiancheng, and (ii) the Registered Shareholders' present and future rights, interests, income, claims, current or future receivables and compensations related to their equity interests in Yimaihutong and dividends and other payments distributed from Yimaihutong to the Registered Shareholders from time to time, to secure performance of, among other things, their obligations under the Equity Pledge Agreement.

If Yimaihutong declares any dividend during the term of the pledge, Jinye Tiancheng is entitled to receive all dividends or other income arising from the pledged equity interests, if any. In case of any breach of obligations by any of the Registered Shareholders and Yimaihutong, Jinye

Tiancheng, upon issuing a written notice to the Registered Shareholders, will be entitled to all remedies available in the Contractual Arrangements including but not limited to disposing of the pledged equity interests.

In addition, pursuant to the Equity Pledge Agreement, the Registered Shareholders undertake to Jinye Tiancheng, among other things, not to transfer their pledged equity interests and not to create or allow any pledge or encumbrance thereon that may affect the rights and interest of Jinye Tiancheng without its prior written consent. Yimaihutong undertakes to Jinye Tiancheng, among other things, not to consent to any transfer the pledged equity interests or to create or allow any pledge or encumbrance thereon without Jinye Tiancheng's prior written consent.

The pledge in respect of Yimaihutong takes effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid until after (i) all the contractual obligations under the relevant Contractual Arrangements have been fully performed; (ii) all the outstanding debts under the relevant Contractual Arrangements have been fully paid; (iii) Jinye Tiancheng, as permitted by the laws and regulations of the PRC, decides to purchase all the equity interest in and/or assets of Yimaihutong held by the Registered Shareholders in accordance with the Exclusive Option Agreement; and (iv) the equity interest of the Registered Shareholders has been transferred to Jinye Tiancheng or its designated person(s) in accordance with the laws and regulations of the PRC and Jinye Tiancheng or its designated person(s) can legally engage in Yimaihutong's business. We have registered the equity pledge contemplated under the Equity Pledge Agreement with the relevant PRC legal authority pursuant to PRC laws and regulations.

The Equity Pledge Agreement became effective from signing. The Equity Pledge Agreement has an indefinite term and a termination provision which stipulates that unless otherwise required by applicable PRC laws and regulations, none of the parties to the agreement (except Jinye Tiancheng) is entitled to unilaterally terminate it.

The Equity Pledge Agreement may only be terminated in the event that (i) continued performance of the obligations of the agreement will result in violation of or non-compliance with the applicable laws and regulations, the Listing Rules or the requirements of the Stock Exchange, (ii) Jinye Tiancheng or its designated person(s) directly holds all the equity interests in Yimaihutong, and all of the Registered Shareholders' equity interests in Yimaihutong or all of the assets of Yimaihutong attributable to the Registered Shareholders are transferred to Jinye Tiancheng pursuant to applicable PRC laws and regulations or (iii) Jinye Tiancheng unilaterally terminates the agreement.

**Spouse Undertakings**

The spouses of each of the Registered Shareholders has signed an undertaking (the "**Spouse Undertakings**") to the effect that he/she has no right to the respective 50% equity interests in Yimaihutong held by the Registered Shareholders. Each of the Spouse Undertakings does not have a term.

Our PRC Legal Adviser is of the view that (i) the above arrangements provide protection to our Group even in the event of death or divorce of the Registered Shareholders and (ii) the death or divorce of such shareholder would not affect the validity of the Contractual Arrangements, and Jinye Tiancheng or our Company can still enforce their right under the Contractual Arrangements against the Registered Shareholders and their successors.

**Other key terms thereunder**

***Dispute Resolution***

Each of the agreements under the Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the Contractual Arrangements, any party has the right to submit the relevant dispute to the Beijing Arbitration Commission for arbitration, in accordance with the then effective arbitration rules.

The arbitration shall be confidential and the language used during arbitration shall be Chinese. The arbitration award shall be final and binding on all parties. The dispute resolution provisions also provide that the arbitral tribunal may award remedies over the shares or assets of Yimaihutong or injunctive relief (e.g. limiting the conduct of business, limiting or restricting transfer or sale of shares or assets) or order the winding up of Yimaihutong; any party may apply to the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company), the PRC and the places where the principal assets of Jinye Tiancheng or Yimaihutong are located for interim remedies or injunctive relief.

However, our PRC Legal Adviser has advised that the above provisions may not be enforceable under the PRC laws. For instance, the arbitral tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of Yimaihutong pursuant to the current PRC laws. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC.

As a result of the above, in the event that Yimaihutong or the Registered Shareholders breach any terms of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert fully effective control over Yimaihutong and to conduct our business could be materially and adversely affected. See the section headed "Risk Factors — Risks Relating to Our Contractual Arrangements" in this prospectus for further details.

***Succession***

As advised by our PRC Legal Adviser, the provisions set out in the Contractual Arrangements are also binding on any successor(s) of the Registered Shareholders as if such successors were a signing party to the Contractual Arrangements. As such, any breach by the successors would be deemed to be a breach of the Contractual Arrangements. Under the PRC Civil Code, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and maternal grandparents. In the case of a breach, Jinye Tiancheng can enforce its rights against the successors.

***Conflicts of Interests***

Each of Registered Shareholders undertake that, during the period that the Contractual Arrangements remain effective, they shall not take or omit to take any action which may lead to a conflict of interest with Jinye Tiancheng or Jinye Tiancheng's direct or indirect shareholders. If there is any conflict of interest, Jinye Tiancheng shall have the right to decide in its sole discretion on how to deal with such conflict of interest in accordance with the applicable PRC laws. Registered Shareholders will unconditionally follow the instructions of Jinye Tiancheng to take any action to eliminate such conflict of interest.

***Loss Sharing***

Under the relevant PRC laws and regulations, none of our Company or Jinye Tiancheng is legally required to share the losses of, or provide financial support to the Consolidated Affiliated Entities. Further, the Consolidated Affiliated Entities are limited liability companies and shall be solely liable for its own debts and losses with assets and properties owned by them. In addition, given that our Group conducts certain of its business operations in the PRC through the Consolidated Affiliated Entities, which hold the requisite PRC operational licenses and approvals, and that its financial position and results of operations are consolidated into our Group's financial statements under the applicable accounting principles, our Company's business, financial position and results of operations would be adversely affected if the Consolidated Affiliated Entities suffer losses.

***Liquidation***

Pursuant to the Equity Interest Pledge Agreement, in the event of a mandatory liquidation required by the PRC laws, the shareholders of Yimaihutong shall, upon the request of Jinye Tiancheng, give the proceeds they received from liquidation as a gift to Jinye Tiancheng or its designee(s) to the extent permitted by the PRC laws.

Accordingly, in the event a winding up of Yimaihutong, Jinye Tiancheng is entitled to liquidation proceeds of Yimaihutong based on the Contractual Arrangements for the benefit of our Company's creditors and shareholders.

***Insurance***

There are certain risks involved in our operations, in particular, those relating to our corporate structure and the Contractual Arrangements. A detailed discussion of material risks relating to our Contractual Arrangements is set forth in the section headed "Risk Factors — Risks Relating to Our Contractual Arrangements". We have determined that the costs of insurance for the risks associated with business liability or disruption and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Accordingly, as of the Practicable Date, the Company did not purchase any insurance to cover the risks relating to the Contractual Arrangements.

**Our Confirmation**

As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating our businesses through the Consolidated Affiliated Entities under the Contractual Arrangements.

**Legality of the Contractual Arrangements**

In February and March of 2021, our PRC Legal Adviser and the PRC legal adviser of the Joint Sponsors conducted interviews with the Yinchuan Data Industrial Development Service Center, the Yinchuan Approval Service Administration, the Beijing Municipal Bureau of Culture and Tourism (北京市文化和旅遊局) and the Beijing Municipal Radio and Television Bureau (北京市廣播電視局), which have provided oral confirmations that (i) our Contractual Arrangements are commercial arrangements that would not violate relevant PRC laws and regulations, and would not be subject to any approval, consent or filing or penalty from the Yinchuan Data Industrial Development Service Center, the Yinchuan Approval Service Administration, the Beijing Municipal Bureau of Culture and Tourism and the Beijing Municipal Radio and Television Bureau;

and (ii) the Radio and TV License and Internet Culture License held by Yimaihutong and the Medical Institution Practicing License held by Yinchuan Yimaitong will not be revoked due to the execution of the Contractual Arrangements.

In March 2021, our PRC Legal Adviser and the PRC legal adviser of the Joint Sponsors conducted an interview with the MIIT, which has provided oral confirmation that the adoption of Contractual Arrangements do not fall within the regulatory scope of the MIIT and would not be subject to any approval, consent or filing or penalty from the MIIT under the current applicable PRC laws and regulations.

In March 2021, our PRC Legal Adviser and the PRC legal adviser of the Joint Sponsors conducted a consultation with National Bureau of Statistics of China, which provided oral confirmation that our Contractual Arrangements are commercial arrangements and the adoption of Contractual Arrangements does not fall within the regulatory scope of the National Bureau of Statistics of China and would not be subject to any approval, consent or filing. The consultation was conducted in the form of telephone consultation, through the consultation telephone hotline posted on the official website of National Bureau of Statistics of China regarding the foreign-related investigation license approval.

Our PRC Legal Adviser is of the view that (i) the Yinchuan Data Industrial Development Service Center, the Yinchuan Approval Service Administration, the Beijing Municipal Bureau of Culture and Tourism, the Beijing Municipal Radio and Television Bureau, the MIIT and the National Bureau of Statistics of China are the competent government authorities for our Company's Relevant Business; (ii) based on such verbal consultations, the adoption of the Contractual Arrangements is unlikely to be challenged or subject to penalty from the Yinchuan Data Industrial Development Service Center, the Yinchuan Approval Service Administration, the Beijing Municipal Bureau of Culture and Tourism, the Beijing Municipal Radio and Television Bureau and the MIIT for any violation of relevant PRC laws and regulations.

Based on the above, our PRC Legal Adviser is of the opinion that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations and that:

(i) each of the agreements comprising the Contractual Arrangements are legal, valid and binding on the parties thereto, enforceable under applicable PRC laws and regulations and the provisions of the articles of associations of Jinye Tiancheng and Yimaihutong, except that (a) the Contractual Arrangements provide that the arbitral body may award remedies over the shares and/or assets or award injunctive relief and/or order the winding up of Yimaihutong, and that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral

tribunal or in appropriate cases, while under PRC laws and regulations, an arbitral body has no power to grant injunctive relief or to order an entity to wind up, and the aforesaid interim remedies granted by competent courts may not be recognizable or enforceable in the PRC; and (b) the Contractual Arrangements provide that the Registered Shareholders undertake to appoint committees designated by Jinye Tiancheng as the liquidation committee upon the winding up of Yimaihutong to manage their respective assets; however, in the event of a mandatory liquidation required by PRC laws and regulations, these provisions may not be enforceable;

(ii) no approval or authorization from the PRC governmental authorities are required for entering into and the performance of the Contractual Arrangements except that (a) the pledge of any equity interest in Yimaihutong for the benefit of Jinye Tiancheng is subject to registration requirements with the relevant governmental authority which has been duly completed; and (b) the exercise of any exclusive option rights by Jinye Tiancheng under the exclusive option agreement may subject to the approval, filing or registration requirements with the relevant authorities under the then prevailing PRC laws and regulations.

However, we have been advised by our PRC Legal Adviser that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion of our PRC Legal Adviser.

Based on the above analysis and advice from our PRC Legal Adviser and confirmation from relevant governmental authorities, the Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations and except for the relevant clauses as described in the paragraph headed "Dispute Resolution" and "Liquidation" in this section, each of the agreements under the Contractual Arrangements is enforceable under the PRC laws and regulations. Please refer to the section headed "Risk Factors — Risks Relating to Our Contractual Arrangement."

We are aware of a Supreme People's Court ruling (the "**Supreme People's Court Ruling**") made in October 2012 and two arbitral decisions from the Shanghai International Economic and Trade Arbitration Commission made in 2010 and 2012 which invalidated certain contractual arrangements for the reason that the entry into of such agreements with the intention of circumventing foreign investment restrictions in the PRC contravene the prohibition against "concealing an illegitimate purpose under the guise of legitimate acts" set out in Article 52 of the PRC Contract Law (中華人民共和國合同法) and the General Principles of the PRC Civil Law (中華人民共和國民法通則). It has been further reported that these court rulings and arbitral decisions

may increase (i) the possibility of the PRC courts and/or arbitration panels taking similar actions against contractual arrangements commonly adopted by foreign investors to engage in restricted or prohibited businesses in the PRC; and (ii) the incentive for the registered shareholders under such contractual arrangements to renege on their contractual obligations.

Pursuant to Article 52 of the PRC Contract Law, a contract is void, among other circumstances, where an illegitimate purpose is concealed under the guise of legitimate acts; our PRC Legal Adviser is of the view that the agreements under the Contractual Arrangements would not be deemed as "concealing illegal intentions with a lawful form" under Article 52 of the PRC Contract Law for the following reasons: (a) the parties to the Contractual Arrangements have the right to enter into contracts in accordance with their own wishes and no person may illegally interfere with such right; and (b) the purpose of the Contractual Arrangements is not to conceal illegal intentions, but to pass the economic interests received by our Consolidated Affiliated Entities to our Company.

Furthermore, the PRC Civil Code (中華人民共和國民法典) came into effect on January 1, 2021 and the PRC Contract Law and the General Principles of the PRC Civil Law were repealed simultaneously. The PRC Civil Code no longer specifies the "concealing illegal intentions with a lawful form" as the statutory circumstances of a void contract but stipulates certain circumstances which will lead to the invalidation of civil juristic acts, including but not limited to a civil juristic act performed by a person having no capacity for civil conducts, a civil juristic act performed by the actor and the counterparty based on false expression of intention, a civil juristic act violates the mandatory provisions of laws and administrative regulations, a civil juristic act violates of public order and morals, etc. The provisions on the validity of civil juristic acts also apply to the validity of contracts. Our PRC Legal Adviser is of the view that the Contractual Arrangements would not fall within the above circumstances which will lead such arrangements as invalid civil juristic act under the PRC Civil Code.

Given that the Contractual Arrangements will constitute non-exempt continuing connected transactions of our Company, a waiver has been sought from and has been granted by the Stock Exchange, details of which are disclosed in the section headed "Continuing Connected Transactions" of this document.

## DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT

### Background of the Foreign Investment Law

On March 15, 2019, the NPC approved the Foreign Investment Law which became effective on January 1, 2020. On December 26, 2019, the State Council promulgated the Regulations on the Implementation of the Foreign Investment Law, which came into effect on January 1, 2020. The

Foreign Investment Law replaced the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Ventures Enterprise Law and the Wholly Foreign Invested Enterprises Law to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law stipulates certain forms of foreign investment, but does not explicitly stipulate contractual arrangements as a form of foreign investment. The Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements.

**Impact and consequences of the Foreign Investment Law**

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including our Group. We use the Contractual Arrangements to establish control of the Consolidated Affiliated Entities, by Jinye Tiancheng through which we operate our business in the PRC. As advised by our PRC Legal Adviser, since contractual arrangements are not specified as foreign investment under the Foreign Investment Law and if future laws, regulations and provisions prescribed by the State Council do not incorporate contractual arrangements as a form of foreign investment, our Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties with an exception, for which, see "Contractual Arrangements — Legality of the Contractual Arrangements".

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes "foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council" without elaboration on the meaning of "other methods". There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of the Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. See "Risk Factors — Risks related to our Contractual Arrangements — Our current corporate structure and business operations may be affected by the Foreign Investment Law."

## COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

(i) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion as and when they arise;

(ii) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(iii) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports; and

(iv) our Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of Jinye Tiancheng and the Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

In addition, notwithstanding that two of our Directors, Ms. Tian Liping and Dr. Li Zhuolin (李卓霖), are the Registered Shareholders, our Company believes that our Directors are able to perform their roles in our Group independently and our Group is capable of managing its business independently after the Listing under the following measures:

(i) the decision-making mechanism of our Board as set out in the Articles of Association includes provisions to avoid conflict of interest by providing, amongst other things, that in the event of conflict of interest in such contract or arrangement which is material, a Director shall declare the nature of his or her interest at the earliest meeting of our Board at which it is practicable for him or her to do so, and if he or she is to be regarded as having material interest in any contracts or arrangements, such Director shall abstain from voting and not be counted in the quorum;

(ii) each of our Directors is aware of his or her fiduciary duties as a Director which requires, amongst other things, that he or she acts for the benefits and in the best interests of our Group;

(iii) our Company will appoint three independent non-executive Directors, comprising more than one-third of the Board, to provide a balance of the number of interested and independent Directors with a view to promoting the interests of our Company and the Shareholders as a whole; and

(iv) our Group will disclose in its announcements, circulars and annual and interim reports in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by our Board (including independent non-executive Directors) relating to any business or interest of each Director and his associates that competes or may compete with the business of our Group and any other conflicts of interest which any such person has or may have with our Group.

## ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

### Consolidation of financial results of operating entities

According to HKFRS 10 — Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Under the Shareholders' Rights Entrustment Agreement, Jinye Tiancheng assumes all rights as a shareholder and exercises control over Yimaihutong, including, among other things, (i) to suggest, propose and attend shareholders' meetings of Yimaihutong and to execute any and all meeting notices, written resolutions and meeting minutes in the name and on behalf of such shareholder; (ii) to file documents with the relevant companies registry; (iii) to exercise all shareholder's rights and shareholder's voting rights in accordance with PRC laws and the constitutional documents of Yimaihutong, including but not limited to (a) deal, manage and obtain the assets of, and obtain the income of, Yimaihutong; and (b) the sale, transfer, pledge or disposal of any or all of the equity interests in Yimaihutong; (iv) to nominate or appoint the legal representatives, directors, supervisors, general manager and other senior management of Yimaihutong; and (v) to make decisions on major matters related to Yimaihutong's business and review and approve all relevant reports and plans. As a result of these agreements, our Company has obtained control of the Consolidated Affiliated Entities through Jinye Tiancheng and, under our Company's sole discretion, can receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities.

Under the Exclusive Operation Services Agreement, it was agreed that, in consideration of the services provided by Jinye Tiancheng, Yimaihutong will pay service fees to Jinye Tiancheng. The annual service fees payable are determined with the services provided. The amount and payment deadline will be determined by Jinye Tiancheng, the Registered Shareholders and Yimaihutong through arms' length negotiations after considering (i) the complexity and difficulty of the services provided by Jinye Tiancheng, (ii) the title of and time consumed by employees of Jinye Tiancheng providing the services, (iii) the contents and value of the services provided by Jinye Tiancheng, (iv) the market price of the same type of services, (v) the operation conditions of

Yimaihutong, and (vi) the essential cost, expenses, taxes and statutory reserve or retaining funds. Accordingly, through the Exclusive Operation Services Agreement, Jinye Tiancheng has the ability, at its sole discretion, to extract substantially of the economic benefit of Yimaihutong.

In addition, under the Exclusive Operation Services Agreement, Jinye Tiancheng has absolute contractual control over the distribution of dividends or any other amounts to the equity holders of Yimaihutong as Jinye Tiancheng's prior written consent is required before any distribution can be made. In the event that the Registered Shareholders receive any profit distribution or dividend from Yimaihutong, the Registered Shareholders must immediately pay or transfer all of such amount (subject to the relevant tax payment being made under the relevant laws and regulations) to the Company.

As a result of the aforementioned Contractual Arrangements, our Company has obtained control of the Yimaihutong through Jinye Tiancheng and, at our Company's sole discretion, can receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities.

As there is no change in management of our business for Listing and majority of owners of our businesses remained the same, our Group resulting from the Reorganization (including the entering into of the Contractual Arrangements) is regarded as a continuation of the businesses of the Consolidated Affiliated Entities. In addition, as a result of the Contractual Arrangements, our Group has rights to variable returns from its involvement with Yimaihutong and has the ability to affect those returns through its power over Yimaihutong and is considered to control Yimaihutong. Consequently, our Company regards the Consolidated Affiliated Entities as our indirect subsidiaries for accounting purpose. Accordingly, our financial results during the Track Record Period (or where the entity was established on a date later than January 1, 2018, for the period from the date of establishment to December 31, 2020) can be prepared on a consolidated basis and is presented using the carrying values of the businesses of the Consolidated Affiliated Entities for all period presented.

The financial information in the Accountant's Report has consolidated the financial results of the Consolidated Affiliated Entities during the Track Record Period as if they were consolidated subsidiaries. The basis of consolidating the results of the Consolidated Affiliated Entities is disclosed in notes 2 and 3 to the Accountant's Report set out in Appendix I to this prospectus.

## OVERVIEW

We are the largest online professional physician platform in China in terms of registered physician users as of December 31, 2020, according to the Frost & Sullivan Report. We have focused on using technology to support physicians' clinical decision making for over 20 years. Our self-developed *Medlive* (醫脈通) platform is widely recognized by physicians in China as the most popular professional medical platform, which enables us to become the platform of choice in precision digital healthcare marketing for pharmaceutical and medical device companies in China. As of December 31, 2020, our *Medlive* platform, available through our website, desktop application and mobile application, had approximately 3.5 million registered users, around 2.4 million of whom were licensed physicians, representing approximately 58% of all licensed physicians in China as of the same date, according to the Frost & Sullivan Report. In the fourth quarter of 2020, the average MAUs on our platform exceeded 1.0 million. In the same period, the average monthly views of articles and videos by registered users on our platform were over 134 million. Articles and videos on our platform include, among others, clinical guides and guidelines, research articles, drug references, clinical developments, as well as customized content.

Leveraging our large number of physician users and their high level of engagement, our *Medlive* platform allows platform participants to gather, learn and connect. Our platform participants include physicians, pharmaceutical and medical device companies and patients. We extensively leverage our proprietary technology, content generation capabilities and our understanding of medical information science to provide different services and solutions to each group of platform participants. The diagram below provides an overview of our *Medlive* platform and our solutions for different platform participants:

- **Solutions for Pharmaceutical and Medical Device Companies**. The pharmaceutical and medical device market undergoes rapid development. There is significant demand from the pharmaceutical and medical device companies to keep close tabs on market needs, understand the market feedback on their products and competing products as well as effectively market their products. Many approved drugs fail to reach the patients most in need due to physicians' unfamiliarity with the products or outdated knowledge.

  Our large physician user base and user analytics make us the platform of choice in precision digital healthcare marketing for pharmaceutical and medical device companies in China. Benefiting from our large database and data insights accumulated through years of interactions with physicians, we are able to accurately deliver customized content to specific groups of physicians cost-efficiently. We ranked first among physician platform-based digital healthcare marketing service providers in China in terms of revenue in 2020, with a 21.4% market share, according to the Frost & Sullivan Report. We also offer a highly scalable digital platform with advanced analytics to help pharmaceutical and medical device companies improve their efficiency and reduce cost in product commercialization and marketing.

  In addition, pharmaceutical and medical device companies face difficulties enrolling clinical trial participants, and difficulties collecting and assessing the real-world results of drugs, especially if used by a broad base of patients across diverse geographic areas and social groups. We provide patient recruitment service for clinical trials that allows pharmaceutical and medical device companies to quickly meet planned enrollment targets. We offer RWS support solutions that enable pharmaceutical and medical device companies to collect and analyze the clinical effects of their products in the real-world environment.

- **Solutions for Physicians**. Healthcare evolves rapidly as innovative therapeutics are developed and new findings through scientific research are established continuously. Practitioners must stay abreast of the most up-to-date information to provide the best standard of care available to patients, traditional sources of medical knowledge, such as journals, clinical guidelines and academic literatures, are often not updated in a timely fashion or organized in such a way that are readily and systematically accessible or searchable.

  Our platform provides a setting for physicians to learn about and discuss the latest research, products and technologies available in the healthcare market and clinical best practices. Our platform offerings are underpinned by the professional medical knowledge content curated by our own content team, which included 62 full-time medical experts and 30 full-time digital marketing content designers as of the Latest

Practicable Date. For example, our *Clinical Guides* (臨床指南) solution aggregates the latest clinical references and our *Clinical Drug Reference* (用藥參考) solution offers comprehensive information on prescription drugs, providing efficient clinical decision-making support to physicians at their fingertips. As of the Latest Practicable Date, our platform offered over 12,000 clinical guides published by medical authorities in China and overseas, prescribing information for over 30,000 prescription drugs and over 100,000 guides on drug interactions and incompatibility. Our platform is now well-recognized as the authoritative source for medical information in China.

Leveraging the significant user base and user engagement that our medical reference tools generated, we have since built up the largest online physician forum in China. User-generated content ("**UGC**") and discussions are now an important and fast growing source of information on our platform. In addition, as physicians are the key decision makers in the healthcare system, our platform has attracted significant marketing investment from pharmaceutical and medical device companies, allowing physicians to access the latest product information and connect directly with medical representatives.

Our medical information and tools appeal to a diverse set of physicians, from thought leaders at China's leading hospitals to the large number of physicians who work in rural areas and community hospitals in China. Our physician users can benefit from our medical information and tools throughout their professional career, from as early as medical school students to experienced specialists or healthcare managers.

- **Solutions for Patients**. Patients in China commonly experience considerable inconvenience and difficulties during their hospital visits, such as long commutes, long waiting time and lack of access to the right physicians. Even when patients receive the right diagnosis and prescription, they may not adhere to prescribed medication regimens. As a result, even when the right treatments are known and affordable, many patients are not able to achieve optimal outcomes for such treatments.

  We launched our Internet hospital in 2021, which represents a major step forward in the application of our intelligent patient management solutions, which entail comprehensive chronic disease management services. Patients can conveniently receive medical advice and prescriptions from physicians who participate in our Internet hospital. We also offer patient management services through our Internet hospital to educate patients about their conditions and treatment regimens, provide patients with customized chronic disease management suggestions and keep track of their medication-taking and refills. Such services are designed to increase patient adherence to prescribed medication regimens, thereby improving the effectiveness of treatments.

- **Solutions for Hospitals**. Hospitals need technology solutions to improve the efficiency of clinical trials. We offer hospitals with EDC systems for intelligent and automated data collection and management. 156 hospitals used our EDC solutions in 2020.

Our comprehensive solution offerings also allow us to serve other stakeholders of the healthcare industry, such as medical researchers, non-profit organizations, CROs and medical associations. For example, our medical knowledge solutions satisfy the needs of healthcare professionals other than physicians for professional medical information, such as medical researchers. We collaborate with non-profit organizations in offering our condition-specific patient education services as part of intelligent patient management solutions. Patients can access our services and tools through our partner non-profit organizations' WeChat official accounts or websites to learn about their conditions and treatment regimens. In addition, we help CROs conduct patient recruitment for clinical trials, leveraging our large physician base. We have engaged and plan to partner with more medical associations to bolster our position as the go-to platform for professional medical information. Because of our strong brand recognition in the medical community, we are well-positioned to attract even more participants, such as insurance companies, to our platform.

Our solutions address vast and rapidly expanding markets. With pharmaceutical and medical device companies moving their marketing efforts online, the market of digital healthcare marketing services in China grew from RMB4.4 billion in 2018 to RMB15.2 billion in 2020, at a CAGR of 85.8%, and is expected to reach RMB111.0 billion in 2025, with a CAGR of 48.8% from 2020 to 2025, according to the Frost & Sullivan Report. In addition, physicians are spending more time on professional physician platforms for medical information and clinical decision support. The digital medical information market in China increased from RMB23.6 million in 2018 to RMB114.2 million in 2020, at a CAGR of 120.1%, and is expected to reach RMB3.0 billion in 2025, with a CAGR of 92.7% from 2020 to 2025, according to the Frost & Sullivan Report. Our solutions for patients address a fast growing digital chronic disease management market in China, which increased from RMB77.9 billion in 2018 to RMB139.7 billion in 2020, at a CAGR of 33.9%, and is expected to reach RMB507.1 billion in 2025, with a CAGR of 29.4% from 2020 to 2025, according to the Frost & Sullivan Report.

We delivered strong financial performance during the Track Record Period. Our revenue increased from RMB83.5 million in 2018 to RMB121.6 million in 2019 and further increased to RMB213.5 million in 2020, at a CAGR of 59.9% from 2018 to 2020. Our net profit increased from RMB14.2 million in 2018 to RMB31.3 million in 2019 and further increased to RMB85.2 million in 2020, at a CAGR of 145.0% from 2018 to 2020.

## OUR STRENGTHS

### Largest online professional physician platform with strong user engagement

We are the largest online professional physician platform in China in terms of registered physician users as of December 31, 2020, according to the Frost & Sullivan Report. As of December 31, 2020, our *Medlive* platform had approximately 3.5 million registered users, around 2.4 million of whom were licensed physicians, representing approximately 58% of all licensed physicians in China as of the same date, according to the Frost & Sullivan Report. Our physician user base is highly diverse, covering all levels of hospitals across China, all major specialties, as well as all physician ranks. We benefit significantly from our reputation as the most popular professional medical platform in China. Physicians are attracted to our platform due to our strong brand awareness and word-of-mouth referrals from existing users.

Our large physician user base and user data have helped us develop insights into the background, behaviors and preferences of physicians, further improving our ability to match content, foster connections among physicians and precisely deliver relevant content to them. Our scale and sophistication help make us the platform of choice for physicians, as well as pharmaceutical and medical device companies. In addition, as we continue to develop patient-facing offerings, our large physician base will help us serve the specific needs of patients more effectively and efficiently.

The high quality and breadth of content available on our platform not only attracts a large number of physicians to our platform but also drives user engagement, especially among skilled physicians. In the fourth quarter of 2020, the average MAUs on our platform exceeded 1.0 million. In the same period, the average monthly views of articles and videos by registered users on our platform were over 134 million. Articles and videos on our platform include, among others, clinical guides and guidelines, research articles, drug references, clinical developments, as well as customized content.

During the Track Record Period, we received various awards in recognition of our contribution to the medical community, including most noticeably the recent 2019 Health New Media Top 20 Award by the Chinese Medical Doctor Association for our *Medlive* platform and MedDigital Solution Award by the Chinese Medical Affairs Conference for our precision marketing solutions.

**Partner of choice for pharmaceutical and medical device companies in precision digital healthcare marketing services**

We ranked first among physician platform-based digital healthcare marketing service providers in China in terms of revenue in 2020, with a 21.4% market share, according to the Frost & Sullivan Report. In 2020, 18 of the top 20 multi-national pharmaceutical companies in the world by revenue were our customers; 14 of them have been partners with us for five or more years.

Our deep understanding of the healthcare industry and the pharmaceutical and medical device companies' needs, sophisticated data analytics, and advanced technological solutions allow us to benefit significantly from the continuous digitalization of marketing and sales of healthcare products in China. We also benefit from a secular shift in prescription drug marketing, as volume-based purchasing and increasing market competition have nudged pharmaceutical and medical device companies to seek digitalized and cost-effective marketing tools that allow them to reach the target physicians at the right time. Our dedication to making physicians the center of our platform differentiates us from platforms that offer general health information to patients. As a result of our focus on physicians and hence more ingrained physician relationships and engagement, we are better positioned to support marketing campaigns for prescription drugs and medical devices. We have become a partner of choice for major pharmaceutical and medical device companies in precision digital healthcare marketing.

We have proven ability to support marketing campaigns for the launch of new drugs and medical devices and ongoing marketing efforts of existing products. Our AI-enabled system integrates and analyzes our physician background and behavior data and enables us to precisely deliver customized content to target physicians. We further enhance the effectiveness of pharmaceutical and medical device companies' marketing campaigns by collaborating with KOLs of the medical community to make the customized content more persuasive. We have established strong relationships with KOLs. In 2020, we collaborated with over 600 KOLs in 15 specialties to create customized content for healthcare customers and develop our medical knowledge content. We also leverage content generated by physician users to enrich drug-related information on our platform.

Our solutions also have proven ability to deliver outsized return on investment for marketing activities, which enables us to establish a high quality healthcare customer base and foster customer loyalty. Because of our close customer relationships, we are well-positioned to cross-sell additional solutions, such as RWS support system. Our long term relationships with these customers also help us gain additional new customers with demand for digital promotion through referrals. As we develop more insights into the healthcare industry, we also continuously explore opportunities to address additional pain points of pharmaceutical and medical device companies, enrich our solution offerings and expand our revenue streams.

**Strong ability to develop innovative products and services addressing the needs of our users and customers, as evidenced by a rich product portfolio**

Utilizing the deep understanding of the industry and its needs and the findings of our Medical Information Science Research Unit, we have been an innovator in many of our product and service categories since inception. In doing so, we have developed a rich product portfolio that offers meaningful value propositions to our platform participants, while also providing us with multiple monetization sources. For example, our *Reference Aid for Medicine* (醫學文獻王), launched in 2004, was the first dedicated digital tool for searching and managing medical literature in China, according to the Frost & Sullivan Report. Before the introduction of *Reference Aid for Medicine*, it was difficult for physicians in China to access academic articles through the Internet. *Reference Aid for Medicine* offers convenient access to major databases for medical literature, such as PubMed and Wanfang Data, and major search engines for medical literature.

We are a pioneer in offering digital healthcare marketing solutions in China. Our *eMarketing*, launched in 2008, was one of the first digital marketing applications for pharmaceutical companies in China, according to the Frost & Sullivan Report. In addition, according to the Frost & Sullivan Report, we are the first to offer precision digital healthcare marketing solution in China, as we launched *eMR* (e信使) in 2014. *eMR*, which allows pharmaceutical and medical device companies to deliver customized content in text or multimedia formats to target physicians, is designed as a substitute for medical representatives' in-person detailing. Our precision digital detailing is ten times more efficient than the traditional in-person detailing by medical representatives in terms of cost per detailing, according to the Frost & Sullivan Report. The number of engaged targeted physicians on our platform increased from 228.3 thousand in 2018 to 403.2 thousand in 2020; the number of paid clicks on our platform increased from 1.6 million in 2018 to 4.8 million in 2020. We further enhanced our solution offerings in 2019 by rolling out *eBroadcasting* (e脈播), which enables pharmaceutical and medical device companies to deliver sponsored medical programs in live or recorded format to physicians.

We leverage our vast online professional physician platform to develop scalable solutions that cater to the needs of other key stakeholders of the healthcare system. We have developed a large database of physician background and behavior data. Our accurate analysis of such data enables us to offer precision marketing solutions, which help pharmaceutical companies deliver information about prescription drugs to target physicians cost-efficiently. Furthermore, we are well positioned to develop Internet hospital-based solutions because of our powerful physician network. Our Internet hospital offers patients online medical consultations and drug prescriptions, thereby making medical service more convenient.

**Vast content library with strong content generation capability**

Our platform offers physicians and healthcare professionals convenient access to a wealth of professional medical content that includes both PGC and UGC. For over 20 years, we have been maintaining and actively managing a large collection of medical literature and resources to satisfy the learning and practice needs of physicians. We focus on providing the most relevant and valuable content for physicians at every stage of their career and at all levels of expertise.

Our PGC primarily includes content prepared by our own content team and content we obtain from third-party professional sources. As of the Latest Practicable Date, we have a dedicated content team of 62 full-time medical experts and 30 full-time digital marketing content designers, who are responsible for editing and curating the vast volume of professional medical content on our platform. They also prepare summaries of high-impact medical developments, covering industry news and conferences, creating video programs featuring KOLs, as well as updating our *Disease Knowledge Database* (醫知源). We also collaborate with the industry and professional authorities that are the primary or official sources of information. As of the Latest Practicable Date, our platform offered over 12,000 clinical guides published by medical authorities in China and overseas, prescribing information for over 30,000 prescription drugs and over 100,000 guides on drug interactions and incompatibility. This comprehensive collection of content helps reinforce our position as the go-to source for academic information and drives user engagement that enriches our community.

We encourage our physicians to share, contribute and discuss their professional views on our platform. Physicians can also access high quality UGC on our platform, forming the fastest segment of our content library. Content generated by our users often offer professional insights that are highly valuable to their fellow peers. We have a robust content screening process utilizing automated content screening technology and our staff to monitor UGC on a real-time basis to ensure the quality of UGC.

We believe the quality, relevance and ease of use of information and related tools on of our platform drive our ability to attract and retain physicians and other healthcare professionals.

**Advanced proprietary technology underpinned by our deep insight and understanding of the healthcare industry and medical information science**

Since our establishment, we have focused on delivering the most relevant and useful healthcare solutions to physicians, pharmaceutical and medical device companies, patients, and hospitals. To that end, we established our Medical Information Science Research Unit, our research organization dedicated to developing a deep understanding of the new drugs and medical devices, as well as the application of advanced technologies, including AI and big data analytics, to our

solution offerings, and designing and developing solution offerings to best provide for the needs of the pharmaceutical and medical device companies. Research scientists at our Medical Information Science Research Unit are responsible for conducting research in the field of medical ontology, studying medical data collection standards and medical terminology systems, building our medical knowledge graph to enable deeper understanding of data by our AI algorithms, as well as developing and optimizing machine learning, deep learning and natural language processing algorithms.

Leveraging our advanced technologies, we build innovative product offerings and improve the accessibility and effectiveness of our solutions. Our AI-enabled content-matching and search systems help us accurately deliver the most relevant content to our audience, and enhance the effectiveness of our customers' marketing campaigns. We continuously optimize our smart technologies and user interface to meet participants' evolving needs, forming strong barriers to entry. We have developed accurate user portraits and knowledge graphs based on our vast, multi-dimensional database of physician behavior and preferences, which we have accumulated through years of operations and is refined with new data insights every time physician users access our platform. Our core technologies can be flexibly applied to a variety of use cases, such as clinical support, digital drug promotion and clinical trial management, to effectively address different user demands.

Our core technologies, such as AI and big data analytics, and technology infrastructure are developed and maintained by our research and development team. As of the Latest Practicable Date, about 29.0% of our employees performed research and development functions. We leverage the data on our platform through extensive application of AI technologies, including machine learning, natural language processing, knowledge graph and user understanding. Our AI and big data capabilities have enabled us to distribute content to target physicians accurately, which in turn help us enhance user experience and capture monetization opportunities. We devote significant resources to the protection of our intellectual property rights in core technologies and software.

**Visionary management team supported by deep talent pool and continuous strategic cooperation with M3**

We benefit significantly from our experienced and passionate management team, led by our co-founders, Ms. Tian Liping and Mr. Tian Lixin, each of whom has over 20 years of experience in the healthcare and technology industries. Ms. Tian Liping is our Chairwoman and chief executive officer, and the visionary behind the creation and expansion of our platform. Mr. Tian Lixin is our president and is the head of our Medical Information Science Research Unit.

Other members of our management team are experienced executives with diverse backgrounds and extensive knowledge in a wide range of fields, covering healthcare, Internet, consulting and technology. For example, Mr. Tian Lijun, our chief technology officer and deputy head of our Medical Information Science Research Unit, has over 20 years of experience in technology innovation, particularly in the fields of AI and big data. Mr. Jiang Nan, our medical director and deputy head of our Medical Information Science Research Unit, worked as a physician at a prominent Chinese hospital before joining us and has extensive knowledge about healthcare industry.

Our management team is supported by a deep talent pool, which includes a large group of industry veterans with substantial experience in healthcare, technology, product development, sales and finance, which they gained from years of experience working at various industry leaders. Our number of employees grew from 239 as of December 31, 2018 to 327 as of December 31, 2020. In particular, we have a deep bench of big data and healthcare experts. As of the Latest Practicable Date, about 29.0% of our employees performed research and development functions, including members of our general research and development team and research scientists at our Medical Information Science Research Unit, about 25.2% performed medical content management functions.

In addition, we maintain continuous strategic cooperation with M3, one of our Controlling Shareholders. Leveraging M3's brand recognition in Japan's market, we quickly established business relationships with several multi-national pharmaceutical and medical device companies with presence in China in the early years of our operations. Since then, we have developed a large and loyal customer base through our proven ability to offer cost-effective digital solutions. We maintain ongoing communications with M3, enabling us to draw from its experience in digital healthcare marketing and stay abreast of the latest industry trends in overseas markets. Ms. Zhou Xin, our executive Director and vice president, is also the head of China business unit at corporate and business development group of M3, and we have benefited from her deep knowledge of M3's business model and industry insights.

## STRATEGIES

### Continue to increase physician penetration and engagement by enhancing our medical knowledge solutions and enriching the information and content on our platform

We will continue to strengthen our position as the physicians' go-to platform for the most up-to-date information. High-quality medical knowledge solutions and information are vital to the attractiveness of our platform for users. We intend to enhance our *Disease Knowledge Database* to cover more diseases and make it a more comprehensive clinical decision support tool at the point

of care. We will also expand our content offerings by providing reports on the latest clinical developments. In addition, we will continue to improve the quality of our customized content to help physicians make more informed prescription decisions.

We will leverage our data insights to improve the accuracy and relevance of our personalized content recommendation and search results. We will continue to develop AI technology to offer physicians personalized clinical decision support in diagnosis, prescriptions and treatment. In addition, we plan to develop a professional search engine to help physicians find quality resources on the Internet more efficiently. All of these improvements will in turn enhance user experience.

We plan to further diversify the sources of content generation. We will encourage physicians to upload more UGC, such as practice tips and clinical case reports, thereby enhancing user engagement on our platform.

There are a large number of physicians who work in rural areas and community hospitals in China and lack adequate medical training and clinical skills. We aim to extend our reach to these physicians by offering them tailored solutions. For example, we plan to develop technology products that are designed to enhance physicians' clinical skills through interactive online training programs.

**Continue to build our technological platform and expand its applications**

Our strong technological capabilities have underpinned the rapid growth of our business. Our research and innovations in AI applications are focused on the areas of machine learning, natural language processing, knowledge graph and user understanding. We plan to continue our technological development, including the development of AI-empowered tools by leveraging our unique and proprietary data set, such as smart Q&A solutions that support physicians at the point of care and AI-powered automated transcription and translation solutions that support live medical conferences. We will continue to build our knowledge graphs to optimize our search and recommendations capabilities with semantic and contextual links. In addition, we plan to enhance the clinical functionality and efficiency of our health chatbot and smart Q&A solutions to offer better support to physicians at the point of care. We will also invest in automated clinical decision support tool that is capable of anticipating physicians' drug prescribing patterns to improve the quality of healthcare and save time. Furthermore, we plan to develop auxiliary screening diagnosis and treatment systems and machine transcription and translation solutions to better serve physicians.

In addition, we intend to develop a bio-genetics platform for areas such as tumor genetics database and immune system-related disease database. We also plan to develop auxiliary tools using virtual reality and 3D graphics technologies for medical training and education, patient communication and pre-surgical planning.

**Expand our customer network and strengthen relationships with existing customers**

To take advantage of our scalable product offerings, we will continue to strengthen our relationships with our existing customers and develop and attract additional customers in pharmaceutical, biotechnology and medical device industries.

As of December 31, 2020, our customer base included 81 pharmaceutical and medical device companies, covering 29% of multi-national pharmaceutical companies and 9% of multi-national medical device companies with presence in China, respectively, according to the Frost & Sullivan Report. We aim to foster customer loyalty by continuing to deliver superior return on their spending for our precision marketing solutions. We see significant opportunities to expand our relationships with these existing customers by enhancing our existing solutions and rolling out new solutions. We have also identified significant demand for digital promotion from medical device companies, domestic pharmaceutical companies and biotechnology companies, particularly those focused on developing innovative therapeutics. We intend to leverage our deep experience in precision marketing to capture an increasing proportion of these potential customers' promotional spending. To achieve these goals, we will continue to invest in developing and offering more solutions, as well as adding new features to our existing solutions. For example, we plan to develop new digital channels and media formats to deliver customized content by leveraging our technology capabilities. We will also strengthen our business development efforts by hiring additional sales, marketing and account management personnel. Furthermore, we expect to benefit from word-of-mouth referrals because of our reputation as a highly-trusted, efficient and targeted platform to reach physicians.

**Continue to expand our service offerings, including patient care offerings with digital health management tools, and clinical research solutions**

We will continue to expand our service offerings, including further enhancing our intelligent patient management solutions, and we plan to offer diversified health management solutions, including our chronic disease management services.

Leveraging our large physician network, we intend to expand chronic disease management service by supporting more diseases. We will collaborate with other industry participants, such as non-profit organizations and hospitals, and establish more disease-specific solutions. Through these solutions, we will help physicians connect with and manage more patients. Building on our vast

medical content library, we will also provide more educational content for patients and the general public to raise their awareness of chronic diseases, while generating traffic to our patient-facing interface. Furthermore, we intend to strengthen our Internet hospital by covering more diseases with our online medical consultation and drug prescription services. We also integrate our Internet hospital service with our other service offerings, such as patient management services, to create more synergies.

Leveraging our physician network and software technologies, we aim to build a comprehensive intelligent contract research platform. We plan to optimize our intelligent clinical research solutions, including our EDC and CDMS solutions, RWS solution and patient recruitment solution. We will continue to develop AI technology to accurately and efficiently capture and analyze clinical data. In addition, we will seek to collaborate with traditional CROs to offer better contract research service to a broad range of customers, including pharmaceutical and medical device companies and hospitals. We also plan to develop solutions and digital infrastructure that enable faster patient recruitment and informed site selection.

**Explore strategic partnerships, investments and acquisitions**

We intend to explore and establish synergistic partnerships that can accelerate our growth, while selectively pursuing suitable strategic investments and acquisitions. We plan to engage more business partners, such as medical associations, Internet companies, insurance companies and content providers, as well as providers of professional medical content, to enhance our solutions offerings. We believe our strong brand recognition in the medical community will enable us to partner with more medical associations, which is expected to bolster our position as the go-to platform for professional medical information. We also plan to partner with leading Internet companies and capture new monetization opportunities by leveraging our ability to reach targeted groups of physicians.

To complement our organic growth strategy, we may invest in or acquire businesses that have strong synergies with our Company. We aim to broaden our service offerings, expand our customer base and/or enhance our technological capabilities through such investments and acquisitions. As of the Latest Practicable Date, we did not expect to pursue any imminent acquisitions or investments.

## PLATFORM PARTICIPANTS

We focus on offering physicians high quality professional medical information. Increasing numbers of physicians have turned to our *Medlive* (醫脈通) platform due to the superior quality and user experience of our medical knowledge solutions. Leveraging our large and loyal physician user base, we then started to offer precision marketing solutions to pharmaceutical and medical

device companies. By developing and offering value-creating solutions, our *Medlive* platform attracted a large number of platform participants, including physicians, pharmaceutical and medical device companies and patients.

Our platform participants benefit from the powerful network effects of our platform. As more physicians join our platform, they are able to share knowledge with, and seek support from, a larger number of professional peers. Other platform participants, such as pharmaceutical companies and patients, are attracted to our platform due to our high quality and growing physician user base.

**Physicians**

We have focused on using technology to enable physicians' clinical decision making for over 20 years. Our *Medlive* platform is widely recognized by physicians in China as the most popular professional medical platform. We are the largest online professional physician platform in China in terms of registered physician users as of December 31, 2020, according to the Frost & Sullivan Report. As of December 31, 2020, our *Medlive* platform had approximately 3.5 million registered users, around 2.4 million of whom were licensed physicians, representing approximately 58% of all licensed physicians in China as of the same date, according to the Frost & Sullivan Report. Our registered physician users provide us with information regarding their professional qualifications and background, including workplace and specialty, during our physician authentication process, which we verify through the government database maintained by the National Health Commission of China. We also collect information such as rank and contact information during our physician authentication process, which allows us to better understand our physician user base. As of December 31, 2020, our registered physician users on average had registered on our platform for over five years. The average MAUs on our platform were 743 thousand, 856 thousand and 908 thousand in 2018, 2019 and 2020, respectively. Our physician user base is highly diverse, covering all levels of hospitals across China, all major specialties, as well as all physician ranks. As of December 31, 2020, 31.1% of our registered physician users were internists, 8.8% were obstetrician-gynecologists, 8.1% were surgeons, 7.7% specialized in integrated Chinese and western medicine, 5.3% were pediatricians, 4.6% were radiologists and the remaining 34.4% were physicians in 23 specialties.

As of December 31, 2020, 5.6% of our registered physician users were chief physicians (主任醫師), 12.3% were associate-chief physicians (副主任醫師), 31.1% were attending physicians (主治醫師) and 25.0% were resident physicians (住院醫師), according to the information provided by our registered physician users during the physician authentication process. The remaining 26.0% of our registered physician users did not specify their ranks during the registration process. According to the Frost & Sullivan Report, chief physicians (主任醫師), associate-chief physicians (副主任醫

師) and attending physicians (主治醫師) generally have at least 15, 10 and five years of clinical experience, respectively, and resident physicians (住院醫師) generally have less than five years of clinical experience.

As of December 31, 2020, approximately 26.1% of our registered physician users were based in East China, approximately 21.3% were based in Central China, approximately 20.3% were based in South China, approximately 14.0% were based in North China, approximately 7.6% were based in Southwest China, approximately 5.2% were based in Northwest China and approximately 3.5% were based in Northeast China.

Medical knowledge evolves rapidly; the practice of medicine requires continuous learning. *Medlive* is widely recognized by physicians as the trusted source for comprehensive and up-to-date professional medical information. The information on our platform effectively addresses physicians' information needs throughout their professional careers, from their time at medical schools to the days when they practice as experienced specialists. Our platform also creates significant value for other professionals in the healthcare industry, such as medical researchers.

**Pharmaceutical and Medical Device Companies**

We ranked first among physician platform-based digital healthcare marketing service providers in China in terms of revenue in 2020, with a 21.4% market share, according to the Frost & Sullivan Report. Pharmaceutical and medical device companies need professional and technological support to address several pain points throughout the life cycle of their products. In 2020, 81 pharmaceutical and medical device companies used our precision marketing and corporate solutions, including 18 of the top 20 multi-national pharmaceutical companies by revenue in the world, as well as several leading China-based pharmaceutical companies.

Volume-based drug procurement reforms and increasing market competition have nudged pharmaceutical and medical device companies to seek digitalized and cost-effective marketing tools. Leveraging our large and engaged physician user base and big data analytics, we offer integrated precision marketing solutions that enable pharmaceutical and medical device companies to deliver information about their products, such as prescription drugs and medical devices, to target physicians. Our solutions have proven ability to deliver outsized return on marketing investment and flywheel effect for marketing activities, which enables us to establish a high quality pharmaceutical customer base and foster customer loyalty.

The following are two examples of how some of our healthcare customers have benefited from our solutions. We believe these examples are representative of customer experience generally and showcase our capabilities.

***Case Study 1: Multi-national Company Entering China and Launching a New Drug***

Company X is a multi-national pharmaceutical company in the process of entering the China market. It was looking to launch a new drug in China and planned to quickly gain awareness and acceptance among physicians in its target cities across China. Although Company X had started to recruit medical representatives to visit target physicians before the drug received approval for marketing, a purely offline marketing campaign could not meet Company X's expectation for a fast and cost-efficient marketing campaign. Hiring medical representatives and familiarizing them with a new drug takes significant time; the ability of medical representatives to cover a large number of physicians across the country through in-person interaction is also inherently limited.

Company X decided to partner with us to conduct precision digital marketing in 2018. We leveraged our data insights into physician background and preferences to identify physicians most likely to be interested in Company X's new therapeutic in its target cities and tailored the candidate group to Company X's goals. To achieve Company X's goals, we identified approximately 14,000 target physicians from over 2,000 hospitals in Company X's target cities. Such large number of physicians and hospitals cannot be effectively covered by medical representatives through physical visits. We launched a marketing campaign consisting of 18 series of precision marketing outreach. In aggregate, approximately 12,600 target physicians, which accounted for approximately 90% of the target physicians we initially identified, have clicked on and read our customized content. We developed highly engaging customized content based on physicians' feedbacks collected from our pre-marketing surveys and delivered the content through multiple channels in different formats based on our physician users' preferences and interests, driving user engagement and the effectiveness of the messaging. We tracked physicians' familiarity and acceptance of the new therapeutic through follow-up surveys to adjust our strategies and evaluate our marketing results.

According to a sales volume analysis conducted and provided by Company X following our marketing campaign, the sales volume of Company X's new drug to the targeted hospitals in 2018 experienced approximately 28% higher average growth rate compared to the average growth rate of the hospitals not covered by our marketing campaign. According to a market research and analysis conducted jointly by Company X and us, target physicians' awareness of Company X's new therapeutic improved by over 30% on average, and their willingness to prescribe such new therapeutic increased by approximately 35% on average after our marketing campaign.

Our solutions not only enabled Company X to successfully launch its new drug in target cities as the new drug gained significant acceptance among target physicians, but also significantly reduced Company X's marketing costs. Company X has continued to use our services since 2018.

***Case Study 2: Multi-national Company in China Expanding Market for a Mature Drug***

Company Y is a multi-national pharmaceutical company. Its products included a drug that had been on the market for ten years, and its sales in higher-tier cities, which were the core target markets for this drug, had reached saturation level. Company Y therefore wanted to expand into and increase its market share in hospitals located in lower-tier cities and rural areas. There are a large number of this type of hospitals, which are spread across different geographic locations. Due to their small scale, each of these hospitals was only expected to generate a small amount of prescriptions, so Company Y needed to spread the information about the drug to numerous hospitals in order to build a critical mass and achieve its sales target. Medical representatives could not effectively help Company Y reach these goals though in-person interaction.

Company Y came to us for an alternative and more effective marketing solution. We selected a large group of Company Y's target physicians and tailored the customized content for its drug to accommodate the level of expertise of these target physicians. From 2015 to 2021, we conducted 106 series of precision marketing outreach for Company Y, and a total of approximately 45,000 target physicians from approximately 25,000 hospitals located in lower-tier cities and rural areas have clicked on and read our customized content. We found key markets for Company Y to focus its future marketing efforts on from numerous target areas based on our analysis of physicians' feedbacks and prescription patterns following our marketing campaign.

According to a sales volume analysis conducted and provided by Company Y following our marketing campaign, the sales volume of Company Y's drug in the regions that were covered by our marketing campaign but not covered by medical representatives through physical visits increased by approximately 138% from 2016 to 2019. The same analysis shows the results of our marketing campaign achieved comparable results in terms of sales volume growth from 2016 to 2019 compared to the results in regions covered by medical representatives through physical visits. Our solutions reduced Company Y's marketing costs by 85% compared to physical visits by medical representatives, calculated based on the estimated average costs per physical visit according to the Frost & Sullivan Report.

Through our help, Company Y was able to reach a vast number of physicians in lower-tier cities and rural areas that it would not be able to reach through medical representatives in a cost-efficient manner, and also identified key markets to drive future revenue growth. Company Y has continued to use our services since 2015.

### Patients

Patients in China commonly experience considerable inconvenience and difficulty during their hospital visits, such as long commutes, long waiting time and lack of access to the right physicians. We launched our Internet hospital in 2021. Patients can conveniently receive medical advice and prescriptions from physicians who participate in our Internet hospital.

In addition, patients lack the knowledge about their conditions and may not continue the medications as advised. As a result, they often fail to achieve the expected outcomes from their treatments. Our chronic disease management services are designed to improve patients' treatment outcomes through educating patients about their health risks and prescribed medications and assisting them in managing and monitoring their specific conditions and treatment regimens.

### Other Platform Participants

Our comprehensive solution offerings also allow us to serve other stakeholders of the healthcare system, such as medical researchers, hospitals, charitable organizations and CROs. For example, we offer an EDC system, which is a data management tool for clinical trials, and CDMS, which is designed to manage disease-specific clinical data generated in clinical practice, to hospitals.

### Scale and Size of Our Platform Participants

The following tables present certain of our operating data demonstrating the scale and size of our key platform participants as of the dates and for the periods indicated:

| | As of December 31, | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| Number of registered users *(in millions)* | 2.5 | 3.0 | 3.5 |
| Number of registered physician users *(in millions)* | 2.0 | 2.2 | 2.4 |

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| Number of healthcare customers[1] | 42 | 61 | 81 |

*Note:*

(1) Represents the number of healthcare customers who purchased our precision marketing and corporate solutions during the period.

We primarily monetize our large physician user base through our solutions for pharmaceutical and medical device companies. Our large physician user base and user analytics make us the platform of choice in precision digital healthcare marketing for pharmaceutical and medical device companies in China.

## OUR MONETIZATION MODEL

We realize monetization by offering different solutions to address various needs of our platform participants. Our solutions are divided into three solution categories, namely, precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions. We derive most of our revenue from precision marketing solutions, which offer digital healthcare marketing services to pharmaceutical and medical device companies. Set forth below is a summary of our monetization model by solution category:

### Precision Marketing and Corporate Solutions

Our precision marketing and corporate solutions consist of precision marketing solutions to healthcare customers and corporate solutions to healthcare customers, hospitals, research institutions and CROs.

#### *Precision Marketing Solutions*

The revenue model of our precision marketing solutions is primarily performance-based marketing services. Revenue from precision marketing solutions is derived from fees paid by pharmaceutical and medical device companies for digital detailing, digital marketing consulting and digital content creation services. Digital detailing, which delivers customized content to targeted physicians through multiple channels on our platform in an interactive way, accounts for most of the revenue from precision marketing solutions. We charge pharmaceutical and medical device companies for digital detailing primarily on a cost-per-click basis.

We generate revenue from pharmaceutical and medical device companies by leveraging our large physician user base, which has helped us develop insights into the background, behaviors and preferences of physicians utilizing AI and big data technologies. Benefiting from our large database and data insights accumulated through years of interactions with physicians, we are able to accurately deliver customized content sponsored by pharmaceutical and medical device companies to specific groups of physicians cost-efficiently. Such user analytics makes us the platform of choice in precision digital healthcare marketing for pharmaceutical and medical device companies in China.

The attractiveness of our platform to pharmaceutical and medical device companies and the growth of our business are in part driven by the engagement of our physician users. A continued increase in the engagement of our physician users will lead to increase in the potential clicks from physician users on customized content. We attract and retain physician users and drive their engagement by offering high quality medical knowledge content, which is non-sponsored, editorial content, to satisfy physicians' needs for continuing medical education and clinical decision support. Most of our medical knowledge content is free of charge so we can cultivate and maintain a large physician user base. We will continue to grow our physician network and drive user engagement to capture more marketing spending by pharmaceutical and medical device companies.

***Corporate Solutions***

The revenue model of our corporate solutions is primarily software as a service ("**SaaS**"). Revenue from corporate solutions is primarily derived from fees paid by our healthcare customers, hospitals, research institutions and CROs, as applicable, for our digital market research, EDC and CDMS solutions, RWS support solutions, as well as patient recruitment service. Our EDC and CDMS solutions, as well as RWS support solutions are offered using SaaS model and we charge our customers periodic software licensing fees based on the duration of each project.

Our ability to generate revenue from offering SaaS services stems from our deep understanding of the industry and its needs for digitalization as well as our data technology. We also capitalize on our large physician user base to generate revenue by offering other corporate solutions. We invite our physician users to participate in surveys and RWS and to recommend suitable patients to enroll in clinical trials sponsored by pharmaceutical and medical device companies and charge fees for such services.

We have established a dedicated research organization, Medical Information Science Research Unit, to develop a deep understanding of new drugs and medical devices, as well as the application of technologies. We will grow the market share of our SaaS services by improving the quality and efficiency of our existing solutions and expanding the scope of our solution offerings. We will continue to cultivate our physician network to generate more revenue from and grow the market share of our other corporate solutions.

The flowchart set forth below illustrates our product and service flows and fund flows among our customers, us and certain of our suppliers, as well as content flows for our precision marketing and corporate solutions.

*Note:*

(1) Our content team collaborates with KOLs who are our content contributors in developing our content. Their expert views and opinions supplement our in-house content development capabilities. We engage content production service providers, such as video production service companies and media content designers, to provide scalability to facilitate the growth of our business.

(2) Customized content is sponsored by pharmaceutical and medical device companies. Our content team works with pharmaceutical and medical device companies to develop customized content. See "Business — Content on Our Platform — Customized Content."

## Medical Knowledge Solutions

The revenue model of our medical knowledge solutions is primarily a membership model. We charge users annual membership fees for certain of our medical knowledge solution products, namely, *Clinical Guides* (臨床指南), *Reference Aid for Medicine* (醫學文獻王), *Clinical Drug Reference* (用藥參考) and *Medical Dictionary* (全醫藥學大詞典) solutions. Membership fee of one product entitles a paying user to paid access for that product only.

We offer a vast medical content library, which provides physicians and other healthcare professionals with a wealth of professional medical information wherever and whenever they need it to satisfy their needs for continuing medical education and clinical decision support. We use a

freemium model to acquire paying users. Most of our medical knowledge content is free of charge, and users pay annual membership fees or per-download fees to access premium content, such as the latest clinical guides and information about new drugs.

We will grow our paying users by enhancing the quality and breadth of medical knowledge content available on our platform, particularly premium content, and providing more value-added services, such as disease knowledge database and comprehensive clinical decision support tools.

The flowchart set forth below illustrates our product and service flows and fund flows among our customers, us and certain of our suppliers, as well as content flows for our medical knowledge solutions.

*Notes:*

(1) During the Track Record Period, we did not pay any consideration to KOLs who are content contributors in developing our medical knowledge content.

(2) Our medical knowledge content contains professional medical information, which is non-sponsored, editorial content. Our medical knowledge content primarily includes content prepared by our own content team and content we obtain from third-party professional sources. See "Business — Content on Our Platform — Medical Knowledge Content."

**Intelligent Patient Management Solutions**

We monetize our services through charging fees for developing web pages and patient education content for non-profit organizations with medical focus and pharmaceutical companies during the Track Record Period. We started to generate revenue from commissions on fees paid by patients for online consultation services and prescription services on our Internet hospital in 2021. We have not charged fees for other Internet hospital-based services, such as patient management services.

We will continue to develop our Internet hospital and explore new ways to monetize our Internet hospital-based patient management services. Our physician users help us invite targeted patients to join our Internet hospital platform. We provide patient management services on the platform to help them manage and monitor their specific conditions and treatment regimens and improve their treatment outcomes. As our patient user base grows, we may decide to charge patients fees for using our patient management services. In addition, prescription services of our Internet hospital further enhance the value of our platform to pharmaceutical and medical device companies and may offer us additional opportunities to collaborate with such companies in the future.

The flowchart set forth below illustrates our product and service flows and fund flows among our customers, us and certain of our suppliers, as well as content flows for our intelligent patient management solutions.

*Note:*

(1) Such content is published by our customers and does not constitute content on our platform.

## OUR SOLUTIONS

We have developed integrated solutions specifically designed to address different needs of healthcare companies, physicians, patients and other stakeholders of the healthcare industry. As described in the table below, we mainly offer three types of solutions, namely precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions.

| Solution Categories | Solutions | Representative Customers |
|---|---|---|
| Precision marketing and corporate solutions | Precision marketing, including digital marketing consulting, digital content creation and digital detailing | Pharmaceutical and medical device companies |
| | Digital market research | Pharmaceutical and medical device companies |
| | EDC system and CDMS[(1)] | Hospitals and research institutions |
| | RWS support[(2)] | Pharmaceutical and medical device companies |
| | Patient recruitment | CROs |
| Medical knowledge solutions | Professional medical information covering continuing medical education and clinical decision support, through *Medlive* website and mobile application, *Clinical Guides* (臨床指南), *Reference Aid for Medicine* (醫學文獻王), *Clinical Drug Reference* (用藥參考), *Medical Dictionary* (全醫藥學大詞典), *Disease Knowledge Database* (醫知源), and specialty-based WeChat official accounts | Physicians and other healthcare professionals |

| Solution Categories | Solutions | Representative Customers |
|---|---|---|
| Intelligent patient management solutions | Chronic disease management services | Patients, pharmaceutical companies, and non-profit organizations |

*Notes:*

(1) Our EDC system is a data management tool for clinical trials; and our CDMS is designed to collect and manage disease-specific clinical data generated in clinical practice. See "— Precision Marketing and Corporate Solutions — EDC System and CDMS."

(2) Our RWS support solutions are designed to collect, manage and process real-world clinical data and to conduct statistical analysis. See "— Precision Marketing and Corporate Solutions — RWS Support."

## Precision Marketing and Corporate Solutions

Our precision marketing solutions enable pharmaceutical and medical device companies to efficiently reach target physicians and effectively convey information about prescription drugs and medical devices. These solutions consist of (i) precision digital detailing (including online meeting delivery), which are mainly offered under the *eMR* (e信使) and *eBroadcasting* (e脈播) brands, and (ii) digital marketing consulting and digital content creation. Our precision marketing solutions have proven ability to deliver outsized return on marketing investment and flywheel effect for marketing activities, which enables us to establish a high quality pharmaceutical customer base and foster customer loyalty. In 2020, 81 pharmaceutical and medical device companies used our precision marketing and corporate solutions, including 18 of the top 20 multi-national pharmaceutical companies by revenue in the world, as well as several major China-based pharmaceutical companies.

We also offer various corporate solutions that enable (i) pharmaceutical and medical device companies to cost-effectively conduct market research and (ii) pharmaceutical and medical device companies, hospitals and other stakeholders of the healthcare industry to improve the efficiency of clinical trials and medical research. Our digital market research is offered under the *eSurvey* (e調研) brand. Our clinical research solutions include EDC system and CDMS, RWS support and digital clinical patient recruitment.

In 2018, 2019 and 2020, our precision marketing and corporate solutions served 99, 144 and 191 products of our healthcare customers, respectively.

***Precision Digital Detailing***

Launched in 2014 and 2019, respectively, our *eMR* and *eBroadcasting* digital detailing solutions are designed as a substitute for the face-to-face representative interactions under the traditional medical sales model and deliver better return on investment for marketing activities. Our *eMR* function allows pharmaceutical and medical device companies to deliver customized content in text or multimedia formats to physicians. *eMR* also has a live chat feature, allowing physician users to chat with medical representatives. Our *eBroadcasting* function allows pharmaceutical and medical device companies to deliver sponsored medical programs in live or recorded format to, and conduct online meetings with, physician users.

Benefiting from our large data collection and data insights, we are able to accurately deliver customized content to specific groups of physicians based on criteria specified by our healthcare customers, such as specialties and locations. The high accuracy of our content delivery significantly improves the cost efficiency of healthcare customers' marketing spending and physician reach. We deliver customized content through multiple channels on our platform, including our website, mobile applications, desktop applications, WeChat mini-programs and WeChat official accounts.

We provide customized content interactively, providing physicians opportunities to actively engage with the customized content. As a result, we enable pharmaceutical and medical device companies to better understand physicians' preferences based on their level of engagement. *eMR* and *eBroadcasting* also serve as vehicles for medical representatives of our customers to connect directly with target physicians by reaching target physicians virtually through our platform. Medical representatives of our customers can communicate product updates to, and answer questions from, target physicians through *eMR* messaging function in an interactive way and conduct online meetings with target physicians or streaming medical programs through *eBroadcasting* function on our *Medlive* website and mobile application.

We enable healthcare customers to gauge the effectiveness of their marketing campaigns through objective statistical reports that we generate by leveraging our capability to track physician feedbacks and analyze marketing results in real time.

Screenshots illustrating the functionalities and features of *eMR* and *eBroadcasting* are set forth below:

*eMR* Interface for Physicians

*eBroadcasting* Interface for Physicians

Our pricing terms vary depending on the delivery channels and are primarily determined on a cost-per-click basis. A healthcare customer can purchase a set amount of clicks based on the framework services agreement, and we may agree to guarantee a minimum number of clicks. We may also agree to guarantee a minimum number of targeted physicians that we will deliver customized content to. For online meeting or streaming services using *eBroadcasting* function, our service fees also take into account the number of meeting or streaming sessions. We may agree to waive service fee for a particular session, if the number of valid viewers (streaming more than certain amount of time) of such session does not reach the minimum number.

***Digital Marketing Consulting and Digital Content Creation***

We help pharmaceutical and medical device companies design cost-efficient marketing campaigns relating to drugs and medical devices and work with them to develop customized content relating to their products. We tailor the marketing strategies and the customized content for each product based on its stage in product life cycle, its competitive position, prescription patterns of target physicians and other relevant factors. Our advice covers all important aspects of a marketing campaign, such as duration, scope, content format and delivery channels. The customized content may be produced in both text and multimedia formats, such as graphics, short video and streaming, to better engage physicians' attention and make the marketing campaigns more effective. Such customized content is designed to give physicians information about various aspects of the products such as target indications, active ingredients, mechanism of actions, advantages, prescription dosage instructions and key cautions, which in turn allow them to make informed prescription decisions. We leverage our professional knowledge and insights into physicians' online behavior to create customized content that is both informative and engaging. We also develop customized content in collaboration with KOLs of the medical community, as we believe views and opinions of KOLs make the customized content more persuasive. We develop content that features KOLs sharing their thoughts in a variety of contexts, such as interviews with KOLs, medical programs hosted by KOLs, and KOLs' speeches at sponsored seminars and medical conferences.

In 2020, we collaborated with over 600 KOLs in 15 specialties, including, among others, infectious diseases, pulmonology, psychiatry, urology, endocrinology, neurology, cardiovascular medicine, thoracic surgery, hematology and oncology. Most of these KOLs were directors, deputy directors, department directors and chief physicians of Class III hospitals located in large cities. In 2018, 2019 and 2020, we paid expert consultation fees in the amount of RMB0.7 million, RMB1.6 million and RMB7.7 million, respectively, to these KOLs.

Pharmaceutical and medical device companies can select a specific topic when commissioning us to develop customized content. Our service fee varies depending on the topic. To enhance the effectiveness of a marketing campaign, we typically create a series of content relating to the same product and deliver the content over a period of time.

Screenshots illustrating customized content in format of animated video we created are set forth below.

Simulate drug delivery

Demonstrate advantages over comparable drugs

3D video illustrating the drug's mechanism of action

Our service fee for a particular marketing consulting project is determined based on the team size and time spent for the project.

Our service fee for digital content creation is based on the complexity of the customized content, which in turn depends on the specific product and customer's requests. Our pricing varies between basic service and customized service. Our basic service offers relatively standard content presentation, and our fee is based on the quantity and content format selected, such as graphics, short video and text. Our customized service entails tailored content creation based on customers' requests. For content using graphics and text format, our fee is based on the quantity and content format selected or the time spent on creating the graphics and text format content; for videos, our fee is based on the time spent on creating video content and the length of the video content.

***Digital Market Research***

We started offering *eSurvey* digital market research solution in 2010. Our solution entails a customized electronic survey commissioned by pharmaceutical and medical device companies that is targeted to a group of physicians selected based on specialty, years in practice and geographical location as requested by pharmaceutical and medical device companies.

We enable pharmaceutical and medical device companies to optimize survey design and accurately distribute surveys to target physicians. For example, physicians may overlook a drug for various reasons, such as unfamiliarity with its indications or side effects. Therefore, information as to physicians' knowledge and perception of a drug is critical to a pharmaceutical company's ability to conduct an effective marketing campaign for such drug.

Leveraging our understanding of customers' needs, our survey questions are designed to correctly gauge physicians' attitudes towards a product so that pharmaceutical and medical device companies can gain insights into their products that drive product improvements and optimization of marketing strategies. We selectively invite physicians based on criteria specified by pharmaceutical and medical device companies to participate in the surveys, thereby achieving high quality survey results. In addition, our insights into physicians' preference and areas of interest help improve the responsiveness of the physicians selected by us. Compared to traditional surveys that are often conducted by phone, fax, e-mail, regular mail or face-to-face interviews, *eSurvey* provides significantly better physician reach and targeting, faster results and analysis and better cost efficiency due to our large physician network, data insights and technological infrastructure.

Our service fee for *eSurvey* is primarily based on the number of physicians covered by a survey and the complexity of the questionnaire. A survey typically includes 30 to 400 physicians depending on the specific survey objective. We may agree to a minimum number of surveys collected. We pay a portion of this fee to the survey participants as an incentive for them to participate in such surveys. We also charge a fee for our questionnaire design and results analysis.

Our PRC Legal Adviser is of the view that we should not be liable for any potential claims of personal data breaches in connection with providing *eSurvey* digital market research solutions on the basis that we are in compliance with the applicable PRC data protection and privacy laws and we do not collect any personal data of survey participants during surveys or include any such personal data in the survey results and analysis we deliver to our healthcare customers.

Screenshots illustrating the functionalities and features of *eSurvey* interface for physicians are set forth below.

Screenshot illustrating survey results and analysis delivered to pharmaceutical and medical device companies is set forth below.

***Material Clauses and Terms of Agreements***

Customers of our precision marketing solutions and digital market research are primarily pharmaceutical and medical device companies. Terms and arrangements of our services vary based on the type and nature of the services requested by our customers. Our framework services agreements for precision marketing solutions and digital market research typically have a term of up to one year. Pricing varies based on the type and nature of services provided as described above. In determining our pricing strategies, we take into account a variety of factors, such as market demand, anticipated market trends and the prices of our competitors' products. We believe our pricing strategies are in line with the market trends. Customers typically agree to make payment (i) each time we perform a discrete service or (ii) at each milestone of a project, depending on the type and nature of the services. We typically grant our customers a credit term of 60 to 120 days.

When necessary, our customers provide us with access to their data and IT systems. We are required to comply with applicable laws and regulations as well as agreements with our customers regarding personal information collection and data protection when collecting, processing or managing personal information. We typically agree that the intellectual property rights of all work products produced under the agreement belong to the customers. We are typically required to guarantee that the content we created does not infringe on any third-party's rights, including intellectual property rights and trade secrets. We typically represent and warrant to our customers that we have obtained the requisite licenses and permits and will comply with applicable laws and regulations as well as agreements with our customers in connection with performing our services. As is customary in the industry, we do not carry insurance covering potential breach of our representations or warranties.

***EDC System and CDMS***

We offer EDC system and CDMS under our *eClinicalResearch* (e研通) brand. Our EDC system is a data management tool for clinical trials, which is offered to hospitals, CROs, research institutions and pharmaceutical companies. Our EDC system automates key tasks in clinical research, such as data collection, reporting, query resolution, randomization and validation, case report form printing, electronic signature and Source Data Verification ("**SDV**"). Our EDC system incorporates various coding or diagnostic standards, including Systematized Nomenclature of Medicine — Clinical Terms ("**SNOMED CT**"), the International Statistical Classification of Diseases and Related Health Problems 10th Revision ("**ICD10**"), the Common Terminology Criteria for Adverse Events ("**CTCAE**"), the Response Evaluation Criteria in Solid Tumors ("**RECIST**") and the Clinical Data Acquisition Standards Harmonization ("**CDASH**") maintained by the Clinical Data Interchange Standards Consortium ("**CDISC**"). Furthermore, our EDC system can be directly connected to various systems of clinical research institutions, such as the Hospital

Information System ("**HIS**"), the Laboratory Information System ("**LIS**") and the Picture Archiving and Communication Systems ("**PACS**"), which enables automatic data extraction to improve data accuracy and input efficiency. In addition, the system is multilingual, which is convenient for the deployment of international clinical trials. We offer the EDC system using a SaaS business model and charge customers periodic software licensing fees based on the duration of each project. Our CDMS is designed to collect and manage disease-specific clinical data generated in clinical practice, which is offered to hospitals and research institutions. Our CDMS can build disease-specific database using customized data set. For example, in 2016, we built an EDC system for a hospital to collect and manage its clinical data for neurological diseases, which does not require traditional manual data input. This EDC system can automatically extract relevant patient records from the hospital database and be continuously updated as new clinical data are being generated.

Under our agreements with our customers, we only provide SaaS services, including system development and maintenance services, which can be used by our customers to collect, manage and process clinical data and to conduct statistical analysis. After our hospital customers or the hospitals with whom our customers collaborate collect clinical data, such as patients' medical records, with patients' prior consents, we store such data in our data centers pursuant to the agreements with our customers, and these data are processed and analyzed by our customers using our solutions. We are not involved in disease diagnosis, treatment, clinical trials, research or any other clinical practice, and are not responsible for collecting, analyzing or distributing clinical data or the accuracy thereof. As such, we do not believe we should be liable for any potential claims of personal injury or other harm caused by our customers in connection with their clinical practice and therefore do not carry insurance for any such potential claims. According to the Good Practice for Clinical Trials of Drugs (Revised in 2020) (《藥物臨床試驗質量管理規範(2020修訂)》), the sponsor shall provide the investigator and the clinical trial institution with legal and economic insurance or guarantee in connection with the clinical trial, and ensure that such insurance or guarantee is appropriate to the nature and degree of risks of the clinical trial. Our PRC Legal Adviser is of the view that the likelihood that we should be liable for any potential claims of personal injury or other harm caused by our customers in connection with their clinical practice is remote.

***RWS Support***

Our RWS support solutions are dedicated to support pharmaceutical companies and medical institutions' real-world evidence-based research. Such research is designed to collect and study data related to drugs' effects in the real-world environment, particularly clinical evidence of potential benefits and risks of the drugs. Our RWS support solutions enable pharmaceutical companies to effectively collect and analyze real-world clinical data. Our RWS support solutions utilize our EDC system to collect, manage and process real-world clinical data and to conduct

statistical analysis. Through analyzing patients' use of the drugs being studied and the effects in the real world after such drugs are launched and comparing these findings with the clinical data under optimal conditions, our solutions help customers identify potential benefits and risks of the drugs and help improve the drugs' safety and effectiveness. We offer the RWS support in the form of SaaS and charge customers periodic fees based on the number of patients involved in the RWS. For example, in 2020, we provided RWS support solutions to a real-world evidence-based research on myelofibrosis diagnosis and treatment. Leveraging our large physician base, we were able to invite a large group of physicians to participate in the research and provide the relevant clinical data.

Under our agreements with our customers, we only provide SaaS services, such as EDC system services, to our customers, which can be used by our customers to collect, manage and process real-world clinical data and to conduct statistical analysis. After our hospital customers or the hospitals with whom our customers collaborate collect clinical data, such as patients' medical records, with patients' prior consents, we store such data in our data centers pursuant to the agreements with our customers, and these data are processed and analyzed by our customers using our solutions. We are not involved in disease diagnosis, treatment, clinical trials, research or any other clinical practice, and are not responsible for collecting, analyzing or distributing clinical data or the accuracy thereof. As such, we do not believe we should be liable for any potential claims of personal injury or other harm caused by our customers in connection with their research and therefore do not carry insurance for any such potential claims. Our PRC Legal Adviser is of the view that the likelihood that we should be liable for any potential claims of personal injury or other harm caused by our customers in connection with their research is remote.

***Patient Recruitment***

We help pharmaceutical and medical device companies as well as CROs conduct patient recruitment for clinical trials. We perform this service by leveraging our physician network and software technology. We invite our physician users to recommend suitable patients for clinical trials and are able to efficiently reach target patients and quickly meet planned enrollment targets. Once we are engaged to provide patient recruitment service for a clinical trial, we reach out to our physician users of the relevant specialty and invite them to recommend suitable patients. We generally do not pay physicians for their recommendations. In selecting physicians, we take into account their locations and prioritize physicians located in close proximity to the clinical trial site to increase the chances of finding patients close to the site. Our physician users recommend suitable patients to us with such patients' names, contact information and the names of the disease diagnosed, which we forward to clinical trial sites. If selected, patients will enter into consent letters directly with clinical trial sites, such as a clinical trial center, and we are not a party to such arrangement. We do not pay any consideration or benefits to patients in connection with our patient recruitment service. We charge our customer service fees based on the complexity of

diseases and the number of patients to be recruited. For example, in 2017, we provided patient recruitment service to a CRO for a clinical trial on a new drug treating Crohn's disease. As there were a few similar drugs conducting clinical trials at the same time, such CRO could not meet its patient enrollment target on time, which delayed its clinical trial process. Benefiting from our large physician network, we were able to help the CRO meet the patient enrollment target through suitable patients recommended by our physician users.

Under the applicable PRC laws and regulations, the sponsors of the clinical trials, such as pharmaceutical and medical device companies, and the CROs could be liable for potential personal injury or other harms from the drugs or devices tested on patients in connection with the clinical trials. We are not sponsors of the clinical trials; and we do not provide research services or have contractual relationship with patients. As such, we do not believe we should be liable for any potential claims of personal injury or other harms sustained by the patients recruited by us and therefore do not carry insurance for any such potential claims. According to the Good Practice for Clinical Trials of Drugs (Revised in 2020) (《藥物臨床試驗質量管理規範(2020修訂)》), the sponsor shall provide the investigator and the clinical trial institution with legal and economic insurance or guarantee in connection with the clinical trial, and ensure that such insurance or guarantee is appropriate to the nature and degree of risks of the clinical trial. Our PRC Legal Adviser is of the view that the likelihood that we should be liable for any potential claims of personal injury or other harm caused by our customers in connection with their clinical practice is remote.

**Medical Knowledge Solutions**

Our medical knowledge solutions are built around our comprehensive and up-to-date professional medical content library. Our solutions satisfy the needs of physicians for continuing medical education and clinical decision support and the needs of other healthcare professionals for professional medical information, such as medical representatives and researchers of pharmaceutical companies. Our medical knowledge solutions deliver professional medical information through multiple user-friendly channels, including our website, mobile applications, desktop applications, WeChat mini-programs and WeChat official accounts.

*Medlive* (醫脈通) website serves as a gateway for physicians and other healthcare professionals to discover and access the rich PGC, powerful tools and applications and customized content as well as to post and access UGC on our platform. Physicians can stay abreast of the latest medical information, learn more about prescription drugs and medical devices and share practice tips and clinical case reports in one place. Our *Medlive* mobile application extends the user experience onto mobile phones and tablets, which allows users to conveniently access content on our platform wherever and whenever they need it. Most of the content on *Medlive* website and mobile application is available to registered physicians free of charge.

In addition to our *Medlive* website and mobile application, we have developed a set of tools and applications to deliver the medical knowledge solutions on our *Medlive* platform, which include *Clinical Guides* (臨床指南), *Reference Aid for Medicine* (醫學文獻王), *Clinical Drug Reference* (用藥參考), *Medical Dictionary* (全醫藥學大詞典), *Disease Knowledge Database* (醫知源), and specialty-based WeChat official accounts. While we provide free access to most of the content on our platform, users must pay periodic membership fees for certain products to access the full array of content and features of such products. In addition to purchasing a membership, users may also pay a per-download fee to access a specific piece of content, such as clinical guide.

- ***Clinical Guides (臨床指南)***. Available through both mobile application and our website, the *Clinical Guides* solution aggregates the latest clinical references, providing critical support to practicing physicians. Most content on *Clinical Guides* is available to registered physicians free of charge. Certain latest clinical guides are only available to members who pay periodic membership fees.

- ***Reference Aid for Medicine (醫學文獻王).*** Available through desktop application and WeChat mini-program, *Reference Aid for Medicine* is a powerful tool for searching and managing medical literature in multiple languages as well as writing research papers. Registered users can cite up to 30 research articles free of charge when writing papers using *Reference Aid for Medicine*. There is no citation limit for members who pay periodic membership fees.

- ***Clinical Drug Reference (用藥參考).*** Available through desktop application, mobile application and our website, *Clinical Drug Reference* offers physicians comprehensive information on prescription drugs. Registered users can access most of the content free of charge. Certain additional resources, such as information relating to new drugs, are only available to members who pay periodic membership fees.

- ***Medical Dictionary (全醫藥學大詞典).*** Available through desktop application, mobile application and our website, *Medical Dictionary* features a comprehensive English-Chinese bilingual medical dictionary and a powerful translation tool. Registered physicians can access most of the terms on *Medical Dictionary* free of charge. Additional medical terms are only available to members who pay periodic membership fees.

- ***Disease Knowledge Database (醫知源).*** Available through WeChat mini-program, our *Disease Knowledge Database* solution offers comprehensive information to support the diagnosis and treatment of specific diseases. As of December 31, 2020, we developed a

dedicated mini-program for tumors, and we plan to develop additional mini-programs for other major disease categories. Currently, registered physicians can access all content on *Disease Knowledge Database* free of charge.

- ***Specialty-based WeChat official accounts***. We maintain WeChat official accounts for major medical specialties. Information available through such channels primarily include practice guides, clinical case studies and expert opinions relating to the relevant specialties. Physicians can subscribe to these WeChat official accounts based on their specialties or areas of interest. As of December 31, 2020, we had 21 specialty-based WeChat official accounts. Currently, registered physicians can access all content on the specialty-based WeChat official accounts free of charge. Followers of our WeChat official accounts may participate in discussions, share practice tips and post their opinions and thoughts as comments to content on our WeChat official accounts, which enable us to create lively forums for professional discussions.

Users are required to register and log on before accessing medical knowledge content and clinical decision support tools on our *Medlive* (醫脈通) platform. After a user registers on our platform through one of our solutions, the user can use the same log on credentials to access our other solutions. We also encourage users to authenticate their status as physicians, and only count a user as "registered physician user" when such user has provided information regarding their qualification as a licensed physician (執業醫師) or a licensed assistant physician (執業(助理)醫師) during our physician authentication process and we can verify such information through the government database maintained by the National Health Commission of China. We verify every new authentication application. We restrict customized content to registered physician users. Through the authentication process, we are able to collect physicians' proof of qualification and detailed background information, which allows us to accurately deliver customized content and medical knowledge content to target physicians. Screenshots of the physician authentication process on our platform are set forth below.

The following table summarizes users' access rights by product and user category:

| Products | Non-registered users | Registered users (including registered physician users) | Paying users |
|---|---|---|---|
| *Medlive* website . . . . . | Limited access | All resources other than those that are limited to paying users under specific products | All resources |
| *Medlive* mobile application . . . . . | Limited access | All resources other than those that are limited to paying users under specific products | All resources |
| *Clinical Guides* mobile application (臨床指南) . . . . . | Limited access | All resources other than certain latest clinical guides | All resources including the latest clinical guides for an annual membership fee of RMB148[(1)] |
| *Reference Aid for Medicine* desktop application (醫學文獻王) . . . . . | No access | Cite up to 30 research articles free of charge | All articles available without citation limit for an annual membership fee of RMB99[(1)] |
| *Clinical Drug Reference* mobile application (用藥參考) . . . . . | Limited access | All resources other than selected resources, such as information relating to new drugs | All resources including selected resources for an annual membership fee of RMB99[(1)] |

| Products | Non-registered users | Registered users (including registered physician users) | Paying users |
|---|---|---|---|
| *Medical Dictionary* desktop application (全醫藥學大詞典) . . | No access | All resources other than certain medical terms | All resources including additional medical terms for an annual membership fee of RMB99[(1)] |
| *Disease Knowledge Database* (醫知源) WeChat mini-program . . . . . | Limited access | All resources | No paying users |
| 21 specialty-based WeChat official accounts . . . . . | All resources | All resources | No paying users |

*Note:*

(1) As of December 31, 2020. Membership fee of one product entitles a paying user to paid access for that product only. For example, paying a membership fee of RMB99 for *Clinical Drug Reference* does not entitle the user to paid access for *Medical Dictionary*.

Our *Medlive* platform is widely recognized by physicians in China as a trusted source for comprehensive and up-to-date professional medical information. As of December 31, 2020, our *Medlive* platform had approximately 3.5 million registered users, around 2.4 million of whom were licensed physicians, representing approximately 58% of all licensed physicians in China as of the same date, according to the Frost & Sullivan Report. We believe that, as our platform is indispensable in physicians' daily clinical work, we have reached a high level of user engagement. In 2018, 2019 and 2020, approximately 14.1 thousand, 88.0 thousand and 159.3 thousand of our registered users were paying users. Our paying users as of these dates included registered physician users and other registered users, which included other healthcare professionals, such as medical students and pharmacists, and users who did not specify their occupations during the registration process. In addition to paying users, pharmaceutical companies also use our medical knowledge solutions to satisfy their needs for professional medical information. In 2018, 2019 and 2020, there were seven, seven and nine pharmaceutical companies that purchased our medical knowledge solutions. The following table sets forth a breakdown of our paying users for the periods indicated:

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | | *(in thousands)* | |
| Registered physician users | 10.2 | 45.3 | 92.1 |
| Other registered users | 3.9 | 42.7 | 67.2 |
| **Total** | 14.1 | 88.0 | 159.3 |

The following table sets forth a breakdown of revenue derived from periodic membership fees for the periods indicated:

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | | *(RMB in thousands)* | |
| Registered physician users | 560 | 3,452 | 6,571 |
| Other registered users | 29 | 361 | 912 |
| Pharmaceutical companies | 590 | 804 | 921 |
| **Total**[(1)] | 1,179 | 4,617 | 8,404 |

*Note:*

(1) We also generate revenue from per-download fees paid to access a specific piece of content on our platform. In 2018, 2019 and 2020, revenue derived from such fees was RMB171 thousand, RMB694 thousand and RMB709 thousand, respectively.

The average spending per paying registered physician user on medical knowledge solutions, which is calculated by dividing the revenue generated from membership and per-download fees paid by registered physician users for using our medical knowledge solutions in a relevant year by the corresponding number of registered physician users who paid such fees in the year, was RMB58.1, RBM76.3 and RMB75.3 in 2018, 2019 and 2020, respectively.

**Intelligent Patient Management Solutions**

Our intelligent patient management solutions offer comprehensive chronic disease management services, including (i) online patient consultation services and prescription services and patient management services through Internet hospital, as well as (ii) condition-specific patient education services in collaboration with non-profit organizations. Prescription services of our Internet hospital further enhance the value of our platform to pharmaceutical and medical device companies and may offer us additional opportunities to collaborate with such companies in the future.

Chronic disease management services are condition-specific services and tools that are designed to help physicians effectively manage their patients and educate patients about their specific conditions and treatment regimens and improve their treatment outcomes. Failure to adhere to prescribed medication regimens is one of the principal reasons that patients do not achieve the expected outcomes from their treatments. We provide patients with an objective and trusted source of information about their health risks and prescribed medications, and assist them in managing and monitoring their conditions and treatment regimens. Better patient adherence not only improves patients' treatment outcomes but also helps pharmaceutical companies grow sales.

***Internet Hospital***

We launched our Internet hospital in February 2021, representing a major step forward in the application of our intelligent patient management solutions. Our Internet hospital combines our clinical decision support services with patient management tools, empowering physicians to effectively and accurately provide online consultation and efficiently follow up with their patients after initial consultations. Patients can conveniently receive medical advice and prescriptions from physicians who participate in our Internet hospital. Our Internet hospital is integrated with our patient management services. Our physician users help us invite targeted patients to join our platform. We do not pay any consideration or benefits to physicians for inviting patients to our platform. We provide patient management services on the platform to help them manage and monitor their specific conditions and treatment regimens and improve their treatment outcomes. Our Internet hospital-based chronic disease management currently focuses on post-stroke management and will gradually expand to other chronic diseases in the future. Other providers of digital chronic disease management services also support diabetes, respiratory diseases, liver and gallbladder diseases and chronic infection diseases. Launched in February 2021, our post-stroke management service had accumulated over 15,000 registered patients as of the Latest Practicable Date. By integrating information collected through online consultation and prescription services, our chronic disease management module tracks patients' treatment regimen details. Enabled by AI technologies, the patient interface sends medication reminders and customized chronic disease management suggestions, which are designed to help educate patients about their conditions and improve their quality of life. Physicians can use the chronic disease management module to keep track of patient adherence through physician interface.

We have developed a seamless multi-step online consultation and prescription process for our Internet hospital. Patients who use our online consultation and prescription service start by submitting consultation requests through the patient interface. Such requests are transmitted to the physician interface, through which physician users provide online consultation and prescription services. When patients receive medical advice and prescriptions from the physicians, they can purchase prescribed drugs from a third-party pharmacy that we collaborate with through the patient interface. The third-party pharmacy is solely responsible for fulfilling patients' orders and delivery

of the drugs. Patients can choose to pay the third-party pharmacy directly upon receipt of the drugs or make payments for the drugs through our patient interface. For payments made through patient interface, we periodically transfer the full amount of funds we receive from patients to the third-party pharmacy. As of the Latest Practicable Date, we have not generated any revenue from drug sales or dispensing in connection with our Internet hospital services. We operate the patient interface and physician interface of our Internet hospital through Yimaihutong, which possesses the Online Drug Information Offering License, and Yinchuan Yimaitong, which possesses the Medical Institution Practicing License, respectively. Our PRC Legal Adviser is of the opinion that our Company is in compliance with the applicable PRC laws and regulations in the process of the aforementioned drug distribution in connection with our Internet hospital services.

We rely on external physicians to provide consultation and prescription services on our Internet hospital, who are not our employees. As of the Latest Practicable Date, over 4,200 external physicians had registered on our Internet hospital. All these physicians are practicing at offline hospitals with requisite qualifications and are selected through our rigorous verification process. We enter into service agreements with our external physicians at the time they register on our Internet hospital, pursuant to which our external physicians provide patients with online consultation and prescription services subject to relevant rules and regulations. External physicians represent and warrant to us in the service agreements, among others, that (i) they have provided true and accurate information to us and (ii) they will provide consultation and prescription services in compliance with the applicable laws and regulations. We have the right to suspend or terminate external physicians' accounts on our platform if we find or have reason to suspect the information provided by external physicians' to be inaccurate or untrue, if they violate the terms of the service agreements, or under any other circumstances that we deem fit. External physicians agree that we can deal with and resolve medical complaints and claims arising from external physicians' services. The service agreements also provide that the external physicians will receive net consultation fees after we deduct commissions from the gross fees paid by patients on a monthly basis. The amount of net consultation fees will be based on our review of their performance. Currently, our revenue from Internet hospital-based patient management solutions is primarily derived from such commissions. We have not charged fees for other Internet hospital-based services.

We carry and pay for professional liability insurance covering medical malpractice claims for external physicians that have provided consultation and/or prescription services on our platform. With respect to any external physician, such insurance becomes effective at the time of the initial service rendered by such physician and has retrospective effect with respect to any conduct that took place within one month prior to such date. Our insurance does not cover physicians that have only registered on our Internet hospital but have not provided any services.

As of the Latest Practicable Date, external physicians who provided consultation and/or prescription services on our Internet hospital had registered with relevant authorities to practice on our platform. We have a rigorous screening and verification process in place before any physicians can register on our platform and start providing consultation and prescription services. We review the background information and supporting documents submitted by physicians to us including with respect to their current positions, qualifications, education and work experiences. We require external physicians to strictly adhere to the work scope and quality requirements specified in their service agreements in compliance with applicable legal and regulatory requirements. We review their qualifications to ensure that they are authorized to provide consultation and prescription services and send their qualifications to competent governmental authorities for their review. We only allow physicians who have the relevant qualifications and licenses, and have registered our medical institution in their licenses to provide consultation and/or prescription services on our platform. The profile information of external physicians displayed on our platform needs to be tailored according to their qualifications and licenses and is subject to our internal review. We monitor the compliance records of external physicians through (i) manually reviewing the records related to the consultation services provided on our platform on a daily basis and (ii) periodically verifying the practicing status of the external physicians through the government database maintained by the National Health Commission of China. In addition, we operate a patient service hotline that allows patients who use our Internet hospital services to make complaints. As of the Latest Practicable Date, we have not received any such complaints. We have procedures to regularly analyze cases where a patient makes a complaint and sample the consultation records of the external physicians to identify the reasons for such complaint. We also monitor the volume of consultations conducted by external physicians and their response rates. As our Internet hospital is still at its early stage, we implement a flexible consultation policy for external physicians, which does not impose mandatory attendance schedule or require minimum time spent on our platform. Once a patient makes an online consultation appointment with a physician on our Internet hospital, our system monitors the status of the appointment and sends timed reminders to such physician if the appointment has not been responded. We will cancel any appointment that is not responded within 24 hours and refund the patient's consultation fee. Based on the foregoing factors, among other things, we have established an evaluation system that imposes penalties, such as suspending or terminating external physicians' accounts, on external physicians providing unsatisfactory service quality.

***Patient Education Services***

We collaborate with non-profit organizations in offering our condition-specific patient education services. Patients can access our services and tools through our partner non-profit organizations' WeChat official accounts or websites to learn about their conditions and treatment regimens. Leveraging our expertise in information technology, we help partner non-profit organizations develop websites, WeChat mini-programs and WeChat official accounts to deliver

patient education content. We developed a patient education system, which is a software and content system consisting of different software modules and patient education content that our customers can adopt to build their websites, WeChat mini-programs and WeChat official accounts, depending on the functions, such as automated Q&A, that our customers choose to implement and the specific disease to cover. We receive service fees from our partner organizations for web pages and content developed. Our service fees are charged based on web modules and the types of content format selected. As of December 31, 2020, our chronic disease management services offered in collaboration with charitable organizations covered 10 diseases, including cerebral stroke, breast cancer, chronic myelogenous leukemia, thalassemia, primary myelofibrosis, renal cell carcinoma, melanoma, neuroendocrine tumors, multiple myeloma and rheumatoid arthritis. For example, in 2020, we developed a WeChat official account for a non-profit organization to educate patients about breast cancer. Leveraging our medical knowledge graph and disease knowledge database, we built an AI-powered, automated chatbot that can answer patients' frequently asked questions about breast cancer rehabilitation.

Our PRC Legal Adviser is of the view that we should not be liable for any medical liability claims in connection with providing patient education services on the basis that such services do not involve any activities related to online consultation, Internet hospital services or remote medical services. Our PRC Legal Adviser is of the view that we should not be liable for any damages caused by inaccuracies or use or misuse of the patient education content on the basis that (i) such content is published by our partner non-profit organizations and we are not the publisher of such content, (ii) such content has been reviewed by our partner non-profit organizations before being published, and (iii) our agreements with partner non-profit organizations do not require us to indemnify them for any damages caused by inaccuracies or use or misuse of the patient education content.

## RESEARCH AND DEVELOPMENT

Our research and development efforts primarily focus on improving the user-friendliness of our existing solutions, designing new solutions for our users, and optimizing and enhancing our technological infrastructure. We incurred RMB12.2 million, RMB15.0 million and RMB15.7 million of research and development expenses in the years ended December 31, 2018, 2019 and 2020, respectively, accounting for 14.5%, 12.4% and 7.4% of our revenue during the same periods, respectively.

Our talented research and development team and robust technological infrastructure enable us to continuously introduce new innovations and offer high quality user experience. As of the Latest Practicable Date, our research and development team consisted of 106 members, including research scientists at our Medical Information Science Research Unit, as well as engineers and specialists of our technology team and product development team. Our technology team includes big data

engineers that maintain our database and develop our data technology, security and risk management engineers that focus on cybersecurity and risk control, infrastructure maintenance engineers that maintain the stability of our platform, as well as platform development engineers that develop and implement solutions on our platform. Our product development team includes engineers and former healthcare professionals with extensive knowledge about healthcare industry dedicated to designing and developing the features of our website and mobile applications. Our core technologies, such as AI and big data, knowledge graph and natural language processing, are developed and maintained by our research and development team. See "— Our Technology" for further details.

**Medical Information Science Research Unit**

Our strong technological capabilities underpin the rapid growth of our business. We have established our Medical Information Science Research Unit, our research organization dedicated to developing a deep understanding of the new drugs and medical devices, as well as the application of technologies, such as AI, big data and natural language processing, to our solution offerings, and designing and developing solution offerings to best provide for the needs of the pharmaceutical and medical device companies.

Our Medical Information Science Research Unit is headed by Mr. Tian Lixin, our president, with Mr. Tian Lijun, our chief technology officer, and Mr. Jiang Nan, our medical director, as deputy heads. As of the Latest Practicable Date, our Medical Information Science Research Unit had five medical research scientists, three technology research scientists and three algorithm research scientists.

Our medical research scientists are responsible for conducting research in the field of medical ontology, studying medical data collection standards, such as CDASH maintained by the CDISC and its application, as well as building our medical knowledge graph. Our technology research scientists are responsible for keeping abreast of new technologies, studying standard medical taxonomies and language systems as well as their application, such as SNOMED CT, MESH, UMLS, ICD, ATC, ICH-MedDRA and LOINC, and implementing knowledge graph in the medical field. Our algorithm research scientists are responsible for developing and optimizing machine learning, deep learning and natural language processing algorithms.

Systematized Nomenclature of Medicine — Clinical Terms, or SNOMED CT, is a universal, multilingual clinical healthcare terminology, which encompasses a vast amount of human and non-human concepts, providing codes, terms, synonyms and definitions used in clinical documentation and reporting. We leverage the concepts and structure of SNOMED CT to build our knowledge graph.

Medical Subject Headings, or MESH, is a comprehensive controlled vocabulary for indexing journal articles and books and is primarily used in medical information research. We applied MESH in our *Reference Aid for Medicine* (醫學文獻王). MESH terms can be used to search medical literature in major databases, such as PubMed.

The Unified Medical Language System, or the UMLS, is a set of files and software that integrates many health and biomedical vocabularies and standards to enable interoperability between computer systems. We use UMLS to build our *Disease Knowledge Database* (醫知源), which facilitates the translation of knowledge information using different terminology systems and the consolidation thereof.

International Statistical Classification of Diseases and Related Health Problems, or ICD, is the international standard for health data, clinical documentation, and statistical aggregation and a coding system for all clinical and research purposes. We use the tenth version of ICD (ICD-10) to code dialogistic results of patients using our Internet hospital, which not only satisfies the regulatory requirements on record-keeping but also accumulates clinical data for our clinical decision support tools.

Anatomical Therapeutic Chemical, or ATC, is an international drug classification system that classifies the active ingredients of drugs according to the organ or system on which they act and their therapeutic, pharmacological and chemical properties. We apply ATC to classify drugs supported by our *Clinical Drug Reference* (用藥參考).

Medical Dictionary for Regulatory Activities, or ICH-MedDRA, is an international medical terminology used by regulatory authorities and the healthcare industry during the regulatory process, both before and after a product has been authorized for sale. ICH-MedDRA is designed to classify a wide range of types of adverse events. We apply ICH-MedDRA in the adverse events module of our EDC system to standardize the recording of adverse events.

Logical Observation Identifiers Names and Codes, or LOINC, is a universal code system and standard for health measurements, observations, and documents, which is designed to assist in the electronic exchange and gathering of clinical results. We embed LOINC terminology in the laboratory testing module of our EDC system, which can be used to generate standardized case report form.

## CONTENT ON OUR PLATFORM

High-quality medical information is vital to our success. Our platform offers both medical knowledge content and customized content. Users can conveniently access our content across the interfaces that we operate, including our website, mobile applications, desktop applications,

WeChat mini-programs and WeChat official accounts. Our medical knowledge content primarily includes content prepared by our own content team and content we obtain from third-party professional sources, which account for approximately 82% and 14%, respectively, of the content on our platform in terms of the number of articles and videos as of December 31, 2020. Customized content accounts for approximately 4% of the content on our platform in terms of the number of articles and videos as of December 31, 2020. Our content team collaborates with KOLs who are our content contributors in developing our content. In 2020, we collaborated with over 600 KOLs in 15 specialties, including, among others, infectious diseases, pulmonology, psychiatry, urology, endocrinology, neurology, cardiovascular medicine, thoracic surgery, hematology and oncology. Most of these KOLs were directors, deputy directors, department directors and chief physicians of Class III hospitals located in large cities. A small portion of our content is based on opinions and perspective from these KOLs. We pay expert consultation fee to KOLs as reasonable compensation for their time spent, which is a fixed fee. In 2018, 2019 and 2020, we paid expert consultation fees in the amount of RMB0.7 million, RMB1.6 million and RMB7.7 million, respectively, to the KOLs that we collaborated with. In 2018, 2019 and 2020, we incurred licensing fees for content obtained from third-party professional sources in the amount of RMB0.5 million, RBM0.5 million and RMB0.5 million, respectively.

As of December 31, 2020, content offered under medical knowledge solutions accounted for approximately 96% of the total content on our platform in terms of the number of articles and videos. All content offered under medical knowledge solutions was prepared without any input or sponsorship from our healthcare customers. Approximately 83% of the content offered under medical knowledge solutions was genuinely and independently prepared by our content team, approximately 12% was obtained from third-party professional sources, approximately 3% was prepared by our content team based on opinions and perspective from KOLs we collaborate with, and approximately 2% was generated by our users. As of December 31, 2020, content offered under precision marketing and corporate solutions accounted for approximately 4% of the total content on our platform in terms of the number of articles and videos, which is evidence-based customized content. All content offered under precision marketing and corporate solutions was sponsored by our healthcare customers. All such content was prepared by our content team based on the medical topics and key medical information provided by our healthcare customers, while approximately 33% of which was also prepared based on opinions and perspective from KOLs we collaborate with and approximately 12% of which was also prepared based on videos produced by content production service providers. All such videos produced by content production service providers were based on medical content developed and designed by us using topics and information provided by our healthcare customers. As of December 31, 2020, content offered under intelligent patient management solutions accounted for less than 0.1% of the total content on our platform in terms of the number of articles and videos, a majority of which was genuinely and

independently prepared by our content team and a very small portion of which was content licensed from third-parties on recommendation of our customers. We did not receive any payment or consideration for posting such recommended content.

**Editorial Policies and Standards**

Content published by us on our platform can only be edited by us, and is not open to our users for editing. UGC posted on our platform can be edited by its author. We have the right to remove any UGC.

We recognize and maintain a distinct separation between customized content, which is sponsored by pharmaceutical and medical device companies, and medical knowledge content which is non-sponsored, editorial content. We take meaningful steps to ensure that our users can easily distinguish between customized content and medical knowledge content. We restrict customized content to registered physician users, and non-physician users do not see customized content. Customized content is primarily delivered to and consumed by physician users through *eMR* and *eBroadcasting*, which are designated interfaces on our platform for customized content distribution and interactions between medical representatives and physicians. In addition, we include customized content headlines in tailored feed list of content that we recommend to registered physician users. Registered physician users receive their personalized content feeds on *Medlive* website and our mobile applications based on their profiles and prior behaviors. Customized content is clearly and prominently labeled as sponsored and can be easily identified by physician users. Customized content denotes "promotion" directly underneath such content. The placement of customized content headlines in the feed list for a specific physician user is tailored to such physician's reading preference and area of interest, among other factors related to their profiles and prior behaviors. Depending on these factors, a headline of customized content may appear before the headlines of medical knowledge content for one physician user but may not appear in the content feed for another physician user or may appear after the headlines of medical knowledge content. Aside from the relevance to individual physician users, we also rank different customized content headlines in a feed list by time posted.

We do not distribute customized content through search system. Once a search query is made, we identify and aggregate content relevant to a search query and rank such content based on relevance. We do not include customized content in any search results.

We do not compensate the KOLs we collaborate with based on the performance of the customized content developed, and do not incentivize them to generate paid clicks for customized content. KOLs and members of our content team do not receive any commissions on the number of paid clicks. We pay expert consultation fee to KOLs we collaborate with to develop content as reasonable compensation for their time spent, which is a fixed fee not tied to the performance of

the content developed. We take into account various factors when evaluating compensation for the members of our content team, including content quality and user engagement with medical knowledge content. Operating metrics related to customized content, such as number of paid clicks, are not contributing factors when evaluating their compensation.

In addition to developing content, we collaborate with our physician users in providing patient recruitment service and Internet hospital-based patient management services. We invite our physician users to recommend suitable patients for clinical trials that engage us to recruit patients. We generally do not pay physicians for their recommendations. Our physician users help us invite targeted patients to join our Internet hospital platform. We do not pay physicians for inviting patients to our platform.

**Medical Knowledge Content**

We focus on offering medical knowledge solutions to improve physicians' clinical skills for over 20 years and have accumulated a vast medical content library. Our platform provides physicians and other healthcare professionals with a wealth of professional medical information wherever and whenever they need it, which satisfies their needs for continuing medical education and clinical decision support. The professional medical information on our platform includes research summaries, medical news and video programs mainly on our *Medlive* website and mobile application, as well as medical knowledge content on our specialized applications, primarily including *Clinical Guides, Clinical Drug Reference* and *Disease Knowledge Database*. Our content library is easily searchable. We identify and aggregate content relevant to a search query and rank such content based on relevance.

Our medical knowledge content contains professional medical information, which is non-sponsored, editorial content. Our medical knowledge content primarily includes content prepared by our own content team and content we obtain from third-party professional sources. Approximately 83% of the content offered under medical knowledge solutions was genuinely and independently prepared by our content team, approximately 12% was obtained from third-party professional sources, approximately 3% was prepared by our content team based on opinions and perspective from KOLs we collaborate with, and approximately 2% was generated by our users.

Our content team regularly produces in-depth interpretations of the latest clinical researches, clinical guides, medical conference proceedings and clinical case reports collected around the world, which are adapted to accommodate our physician users' different levels of expertise and reading preferences. Our content team collaborates with medical experts to identify highly influential articles. These interpretations or research summaries make significant medical discoveries published abroad more accessible to physicians and medical researchers in China. Our content team also selectively conducts research on key clinical issues and produces comprehensive

literature reviews of the existing knowledge on the topic or research articles on a specific clinical issue. In addition, members of our content team participate in medical conferences both domestically and overseas as journalists and write news articles about topics discussed at such conferences and/or interviews with medical experts or newsmakers at the conferences. We invite physician users to share their clinical experience and techniques from time to time, and our content team reviews their submissions, work with the authors to refine their works and eventually publish such works as articles in our medical knowledge database.

***Research Summaries, Medical News and Video Programs***

Our *Medlive* website and mobile application serve as gateways for physicians and other healthcare professionals to discover and access the rich PGC and UGC on our platform. Physicians can stay abreast of the latest medical information, such as notable research articles, medical news and video programs. On *Medlive* website, content is organized by specialty, and we have created separate pages for 28 major specialties.

Our *Medlive* mobile application allows users to conveniently search and access PGC as well as post and access UGC on their mobile phones and tablets.

Screenshots illustrating the functionalities and features of *Medlive* mobile application are set forth below.

Most of the content on *Medlive* website and mobile application is available to registered physicians free of charge. Main categories of content on our *Medlive* website and mobile application include:

- *Research Summaries*. Our content team collaborates with medical experts to identify highly influential articles in English language medical journals and produce summaries of these articles in Chinese with expert opinions and perspectives. Our research summaries make significant medical discoveries published abroad more accessible to physicians and medical researchers in China. As of the Latest Practicable Date, we posted summaries of over 66,000 research articles on our platform.

- *Medical News*. We provide up-to-date coverage of medical news and medical conferences in both text and multimedia formats. Our in-house journalists and editorial staff prepare news articles covering a variety of topics, such as new drugs, interviews with medical experts, important medical conferences and public health issues. Our platform also aggregates news content relevant to physicians from multiple professional online media sources.

- *Video Programs*. We collaborate with leading medical experts to produce video programs, which are available both as live webcasts and on-demand videos. In such videos, medical experts share their views on professional topics, and the programs offer valuable education resources for other physicians. In 2020, we produced approximately 10,000 videos covering 22 specialties on our platform.

***Clinical Guides***

The *Clinical Guides* solution aggregates the latest clinical references, providing clinical decision support to physicians. As of the Latest Practicable Date, *Clinical Guides* offered over 12,000 clinical guides published by medical authorities in China and overseas. *Clinical Guides* also offer Chinese translations of certain guides that were initially published in foreign language to make them more accessible by Chinese physicians. Physicians are able to search guides by key words or browse content based on publication time, specialties and publishing authorities.

Screenshot illustrating the functionalities and features of the *Clinical Guides* mobile application is set forth below.

***Clinical Drug Reference***

Available through desktop application, mobile application and our website, *Clinical Drug Reference* offers physicians comprehensive information on prescription drugs. As of the Latest Practicable Date, our *Clinical Drug Reference* solution offered prescribing information for over 30,000 prescription drugs, and over 100,000 guides on drug interactions and incompatibility. The solution also offers other relevant information to physicians, such as drug alerts, new drug developments and medical news. Screenshot illustrating the functionalities and features of the *Clinical Drug Reference* mobile application is set forth below.

***Disease Knowledge Database***

Available through WeChat mini-program, our *Disease Knowledge Database* solution offers comprehensive medical information to support the diagnosis and treatment of specific diseases. As of December 31, 2020, we developed a dedicated mini-program for tumors, and we plan to develop additional mini-programs for other major disease categories. Our solution offers physicians evidence-based, timely and interactive support that can be acted on at the point of care. It integrates relevant information on the covered diseases from our other clinical decision support tools, such as *Clinical Guides* and *Clinical Drug Reference*, for physicians to conveniently access in one place. The solutions also presents summaries of latest research results, expert opinions and recommended practices for diagnosis and treatment. As a result, our solution enables physicians to conveniently locate the information they need without checking multiple sources. In addition, the mini-program features a peer support venue where physicians can exchange opinions and seek advice from others in real time.

Screenshots illustrating the functionalities and features of *Disease Knowledge Database* are set forth below.

In addition, we offer medical research tools, namely *Reference Aid for Medicine* and *Medical Dictionary*. *Reference Aid for Medicine* aggregates major databases for medical literature, such as PubMed and Wanfang Data, and major search engines for medical literature. The solution enables users to conveniently search medical literature and create customized medical literature libraries. It

also offers helpful management tools for users to organize articles, add commentaries and conveniently cite saved articles. *Medical Dictionary* offers valuable support to Chinese physicians in various professional settings, such as study of English language medical literature or communication of medical knowledge in English language. The solution covers over five million terms relating to clinical practice, basic medical sciences, molecular biology, drugs, medical devices, traditional Chinese medicine and other relevant fields. *Medical Dictionary* also offers several translation functions, including translating entire English language articles into Chinese and identifying texts in images included in articles and translate such texts.

We have the intellectual property rights to all self-developed medical knowledge content, including the ownership and publishing rights. For licensed content, we have the right to use the content within the authorized scope, including making the content available on our platform.

**Customized Content**

We work with pharmaceutical companies to develop customized content that is designed to support physicians' prescription decisions. For example, customized content can help physicians formulate diagnosis of the relevant disease, understand the indications and side effects of a drug, differentiate a drug from competing products and/or prescribe the correct dosage. The types of customized content include introductory guide to specific diseases and treatment, explanatory note to clinical guides and other medical literature, clinical case reports, expert opinions, reference related to mechanism of drug action and chemical characteristics. We creatively design the content in both text and multimedia formats, such as graphics, animated video, video featuring KOLs and streaming, to drive user engagement. Our customized content creation process includes the following key steps:

- ***Craft Medical Script***. Our creation process starts from identifying the medical topics and key medical information that our customers want to communicate. We then transform such topics and medical information into engaging medical script.

- ***Generate Creative Presentation Script***. We evaluate the content types and formats that can best present the medical script and generate creative presentation script leveraging our data insights.

- ***Create Initial Work Product***. We create the initial work product based on the medical script and presentation script and support it with evidence-based analysis and KOL opinions. Depending on the content format, this step may include layout design, video capture, video editing, visual effects design, graphics design processing, and sound mixing using various digital techniques.

- ***Expert Review***. The initial work product undergoes a rigorous review process by medical experts in the field, medical teams of our customers and our senior editors and is refined accordingly.

Customized content is edited by our content team based on materials provided by our customers and we require customized content to be evidence-based. Although our content team has discretion in developing customized content, our customer's approval is required before we deliver the content to physician users. We typically agree that the intellectual property rights of all work products produced under the agreement belong to the customers. In compliance with applicable laws and regulations related to prescription drugs, customized content regarding prescription drugs is accessible to registered physician users only.

**Our Content Team**

We have a dedicated content team which consisted of 62 full-time medical experts and 30 full-time digital marketing content designers as of the Latest Practicable Date. Mr. Jiang Nan, our medical director, the chief editor of our content team and a deputy head of our Medical Information Science Research Unit, oversees our content team. Mr. Jiang worked as a physician at a prominent Chinese hospital before joining us and has over seven years of experience in the medical information technology industry. Over 98% of our full-time medical experts have a degree in healthcare or related fields, including clinical medicine, pharmacy, biomedical engineering, medicinal chemistry, nursing, biochemical engineering and organic chemistry. All of them had prior experience in the healthcare industry, including as practicing physician, or were our homegrown talent. As of the Latest Practicable Date, our full-time medical experts on average had approximately five years of experience in the healthcare industry following obtaining their degree in healthcare and related fields. The team is in charge of developing customized content relating to prescription drugs and medical devices for our customers. We take into account various factors when evaluating compensation for the members of our content team, including content quality and user engagement with medical knowledge content. Operating metrics related to customized content, such as number of paid clicks, are not contributing factors when evaluating their compensation.

The content team also actively manages the vast volume of PGC on our platform to offer physicians the most up-to-date information, such as clinical guides and drug references. In addition, the team translates certain content into Chinese to make it more accessible to Chinese physicians and is responsible for preparing summaries of high-impact medical developments, covering industry news and conferences and creating video programs featuring KOLs. Leveraging our strong brand recognition in the medical community, we are able to collaborate with key providers of professional medical information.

## UGC

Our *Medlive* platform provide forums that enable interactions amongst our physician community across our products to further reinforce the engagement on our platform. Registered physicians are able to post UGC, such as practice tips and clinical case reports, on physician forums on our *Medlive* platform website and mobile applications. They may also participate in discussions, contribute to our *Disease Knowledge Database*, as well as share reactions and thoughts to content on our platform in different formats, such as writing articles and producing video programs. Our WeChat official accounts and specialty-based WeChat mini-programs also serve as forums for our followers to post UGC. The UGC on our *Medlive* platform often contains professional insights that are highly valuable and relevant to other physicians. Screenshots below illustrate UGC posting on our specialty-based WeChat mini-programs and its uploading process.

Pursuant to the terms and conditions of our platform, the intellectual property rights to the UGC posted on our platform belong to the author of such UGC.

## Content Standards

We have adopted internal policies and practices relating to content standards designed to foster our relationships with physicians and other healthcare professionals. We endeavor to draw medical information from reliable reputable sources for our medical knowledge content. We select medical information primarily based on clinical utility and scientific value. We also consider the levels of evidence used in accordance with the professional standards for evidence-based medical research, comprehensiveness, conciseness and timeliness. We require customized content to be evidence-based and do not publish inaccurate, biased or malicious content.

Our policies set out detailed screening guidelines for customized content and PGC, including independent assessments of the methodologies and evidence used in the content and observance of professional standards. For example, we require customized content to focus on academic discussions and include reference citations or endorsement from KOLs to support the information contained therein, and we do not allow marketing statements such as guaranteed treatment effects. These documentation and standard requirements enable us to review and verify the information contained in the content independently.

We primarily rely on our content team, which included 62 full-time medical experts as of the Latest Practicable Date, to screen and review customized content and PGC in accordance with our guidelines, and our content team will examine various aspects of the content, such as propriety, accuracy, completeness, and quality (including objectivity, utility, and integrity). We have set up editorial teams by specialty, with each team having at least three editors. Each piece of customized content and PGC is first cross reviewed by other members of an editorial team and approved by the chief editor of the team before we publish it on our platform. The editorial team will invite the chief medical editor of our platform and our head of platform operations to jointly review the content if the team's internal review cannot determine the quality and originality of the content. If uncertainty remains after the joint review, we invite KOLs in the field to make a final decision.

In addition, we screen UGC for potential copyright infringement and other violations of platform rules. We place strong emphasis on content screening and monitoring to ensure that the UGC on our platform does not contain any content that may jeopardize the quality of our content library and that the publication and distribution of the UGC fully complies with the applicable laws and regulations. We require our users to represent that their content does not violate applicable laws and regulations, or infringe on any third-party's legal rights before posting it on our platform.

All UGC, including commentary content, is first screened by an automated filtering system offered by a third-party vendor, which identifies and flags suspicious content for manual review and further action by our platform operation and customer service team based on a regularly updated repository of keywords, according to the latest laws and regulations in China. Our manual screening procedure is multi-layered, with each piece of flagged content subject to review and cross-review by different staff in our platform operation and customer service team. We also encourage our users to help us with our content screening and monitoring efforts. To the extent any problematic content has been posted on our platform, we promptly remove such content as soon as we identify it, including when we are notified or made aware by copyright owners.

We provide medical knowledge content primarily to satisfy physicians' needs for continuing medical education and clinical decision support, and limit the distribution of customized content to registered physician users. We include disclaimers on our platform and caution our users that

content on our platform is for information purposes only and is not intended to serve as a source for medical advice or the basis of any clinical decision, and that we cannot guarantee the accuracy or the completeness of the content on our platform. As such, we do not believe we should be liable for any potential claims of personal injury or other harm arising from any use or misuse of or any inaccuracies in the content we publish or provide and therefore do not carry insurance for any such potential claims. However, although not experienced by us in the past, we may be subject to claims brought against us by users if they suffer any damages caused by such inaccuracies or such use or misuse of the information on our platform, which may be time-consuming and divert the attention of our management. See "Risk Factors — We may be held liable for information displayed on, retrieved from or linked to our platform or created by us, which may adversely affect our business and results of operations." We primarily rely on our internal policies and practices relating to content standards to control the quality of the content we publish or provide.

## OUR TECHNOLOGY

### Our Core Technologies

Our core technologies include AI and big data, knowledge graph and natural language processing.

### AI and Big Data

We utilize AI and big data to distribute content to target physicians accurately, which enables us to both enhance user experience and capture significant monetization opportunities. Leveraging our large physician user base and high user engagement on our platform, we have developed a database of physician background and behavior data. Our user tagging system precisely analyzes such data and develop insights as to user preferences. We deliver personalized and curated content to physicians and help them discover desired content quickly. We are continually refining our content recommendation algorithms to improve the relevance of content we recommend to physicians. We also use our big data analytics capabilities to help pharmaceutical companies accurately reach target physicians.

The following table summarizes the application of AI and big data analytics in our solutions.

| Solution Categories | Application of AI and Big Data Analytics |
|---|---|
| Precision marketing and corporate solutions | We have built a comprehensive labeling system leveraging our medical knowledge graph. We apply machine learning algorithms to automate the process of finding patterns and assigning tags in the labeling system to customized content. Using AI and big data technologies, we conduct deep learning on physician users' profiles, such as specialty, reading preference and app usage habits with a large database of physician background and behavior data accumulated through decades of interactions with physicians. Customized content is distributed to physicians based on the correlations established by data analytics and machine learning algorithms between their profiles and tags assigned to content. Such AI-enabled content tagging and recommendation mechanism significantly improves the accuracy and efficiency of our content delivery as well as user experience, achieving more precise marketing. |
| Medical knowledge solutions | We apply machine learning algorithms to automate the process of finding patterns and assigning tags in our labeling system to medical knowledge content. We deliver personalized and curated content to physicians based on the correlations established by data analytics and machine learning algorithms between their profiles and tags assigned to content and help physicians discover desired content quickly. |
| Intelligent patient management solutions | We have built a database of standard Q&A pairs leveraging our medical knowledge graph. We utilize deep learning to train our algorithms for natural language processing with large sets of text annotated based on parts of speech, meaning and sentiment, which helps us better understand patients' questions. Patients' questions are answered by AI-enabled, automated chatbot based on correlations established by advanced machine learning algorithms between the questions and the standard Q&A pairs in our database. This reduces patient education costs and improves user experience. |

### Knowledge Graph

Our knowledge graph is a knowledge base that uses a graph-structured data model to store and organize content. We build our knowledge graph by extracting semi-structured and unstructured data from our content library and classifying such data into different entities and relationships. Our knowledge graph transforms immense multi-element and multi-modal data into a holistic semantic network containing hundreds of thousands of nodes and hundreds of thousands of relationships. As a result, our content library is easily searchable. We identify and aggregate content relevant to a search query and rank such content based on relevance, thereby reducing search time and enhancing user experience.

### Natural Language Processing

We have developed advanced translation capabilities using natural language processing technologies. For example, we are able to mine bilingual sentence pairs through natural language processing, which helps us accurately translate complex medical terms and phrases. In addition, natural language processing improves our content understanding and recommendation algorithms to optimize the personalized recommendation results.

## DATA PROTECTION AND PRIVACY

We are committed to complying with data privacy laws and protecting the security of user data. We collect and store data when providing our solutions with prior consent from our users and other platform participants in accordance with applicable laws and regulations.

- ***Precision Marketing Solutions.*** In offering precision marketing solutions, we collect, process and use physician users' behavior data with respect to the customized content we deliver for our healthcare customers, such as time spent by physician users on a specific piece of customized content. We collect such data directly from our physician users, store such data in our data centers and do not share such data with any third party. As authorized by our physician users when registering on our platform, such data is collected, used and processed for the purpose of developing insights into their background, engagements and preferences, optimizing our customized content and improving our ability to precisely deliver relevant content to physician users. We do not use such data for any other purpose.

- ***Corporate solutions.*** We do not collect data in offering EDC system, CDMS and RWS support solutions. We only provide SaaS services to our customers, which can be used by our customers to collect, manage and process clinical data and to conduct statistical analysis. We are not involved in disease diagnosis, treatment, clinical trials, research or

any other clinical practice, and are not responsible for collecting, analyzing or distributing clinical data or the accuracy thereof. After our hospital customers or the hospitals with whom our customers collaborate collect clinical data, such as patients' medical records, with patients' prior consents, we store such data in our data centers pursuant to the agreements with our customers, and these data are processed and analyzed by our customers using our solutions. We do not share such data with any third party or use such data for our business. In offering patient recruitment service, we invite our physician users to recommend suitable patients, and our physician users do so by providing suitable patients' names, contact information and the names of the disease diagnosed, which we forward to clinical trial sites. We do not process or store such data and do not share such data with any other third party. Pursuant to the agreements between patients and our physician users, such data is collected and used for the purpose of patient recruitment for clinical research. We do not use such data for any other purpose. In offering digital market research solutions through *eSurvey*, we invite our physician users to participate in surveys to gauge their attitudes towards our healthcare customers' products. We collect, process, use and store survey participants' responses to our surveys with their consent. We prepare survey results and analysis based on such responses for our healthcare customers. We do not use data related to such responses for any other purpose. We do not collect any personal data of survey participants during surveys or include any such personal data in the survey results and analysis we deliver to our healthcare customers. Pursuant to the agreements with our customers, we will be liable to our customers in the event of data loss due to our failure to perform obligations in connection with storing and/or transmitting data. We agree with our customers that we do not use data collected by them and will be liable for any breach of such agreement. We do not believe we should be liable to any third-parties, including our customers, for any data loss or misuse caused by our customers.

- ***Medical knowledge solutions.*** In offering medical knowledge solutions, we collect, process and use users' background data and behavior data with respect to the medical knowledge content we offer on our platform, such as users' time spent, reading preference and keywords searched. We collect such data directly from our users, store such data in our data centers and do not share such data with any third party. As authorized by the users when registering on our platform, such data is collected and used for the purpose of developing insights into users' behaviors, engagements and preferences and optimizing our content development and distribution capabilities. We do not use such data for any other purpose.

- ***Intelligent patient management solutions.*** In offering intelligent patient management solutions through our Internet hospital, we collect patients' background data, medical records, consultation records with our external physicians as well as diagnosis results.

We store such data in our data centers and do not share such data with any third party. As authorized by patients when agreeing to use our intelligent patient management solutions, such data is collected and used for the purpose of online diagnosis, consultation and prescription. We do not use such data for any other purpose. We do not collect data in offering patient education services. We only help partner non-profit organizations develop websites, WeChat mini-programs and WeChat official accounts, which can be used by our partner non-profit organizations to collect, process and use patients' background data, including names, ages, regions and the name of the disease diagnosed for the purpose of delivering relevant patient education content to patient users. After our partner non-profit organizations collect such data with patients' prior consents, we store such data in our data centers pursuant to the agreements with partner non-profit organizations. We do not share such data with any third party or use such data for our business.

Our data usage and privacy policy, which is provided to every user of our website, mobile applications, desktop applications, WeChat mini-programs and WeChat official accounts, describes our data practices. Specifically, we undertake to manage and use the data collected from users in accordance with applicable laws and make reasonable efforts to prevent the unauthorized use, loss, or leak of user data and will not disclose sensitive user data to any third party without users' approval except under legal requirement.

Our data protection and privacy policies are focused on ensuring that: (i) our collection of personal data is conducted in accordance with applicable laws and regulations and (ii) personal data we collect is reasonable for the purposes for which they are collected.

We maintain strict control over access to personal data and strict assessment and approval procedures to prohibit invalid or illegitimate uses. We limit any access based on necessity and maintain records of data access. Our policies require products and services that involve access to or processing of personal data to be subject to assessment and approval procedures and monitor employee access to user data. We require all our employees to comply with our internal policies and protect privacy and personal information, and we strictly prohibit unauthorized or improper collection or use of such data or personal information. We provide data privacy training to authorized employees and require them to report any information security breach. We have the right to dismiss any employee if they illegally misuse or leak data or cause any damage to us or our users and may also pursue further legal proceedings against them.

We collect and use personal data for the stated purpose as authorized by the user, in connection with compliance and risk management and as otherwise required by applicable laws and regulations. We do not share with, transfer or disclose personal data to any third-parties except for certain limited circumstances, including when it is expressly authorized by our users, necessary

to fulfill our main services to our users, or in compliance with the applicable laws and regulations. In circumstances where we share users' data with third-parties, such as our business partners, our policies ensure that our users' data is adequately protected. We maintain a strict vetting process before sharing any data with third-parties to ensure the integrity of such third parties. We de-sensitize user data by removing personally identifiable information and enter into confidentiality agreements with our business partners. We require our business partners to strictly follow the terms of authorization and the scope of usage set forth in the agreements between us and our users when processing and analyzing their data.

We use a variety of technologies to protect the data with which we are entrusted in providing all of our solutions. For example, we utilize a system of firewalls and also maintain a perimeter network to segregate our internal databases and operating systems from our external-facing services and intercept unauthorized access. We create a closed platform environment for our customers that is disconnected from the external Internet by using firewalls and whitelists to manage the entry and exit of the platform. This ensures the security of files and traffic into the private cloud deployed by our customers by filtering out malicious file requests and behavior. Authorization is required for users to access data on the platform. In particular, our systems require customers of our EDC system, CDMS and RWS support solutions to change passwords on a regular basis. We de-sensitize user data by removing personally identifiable information, when such information is not relevant to our business. We collect users' background data during the registration process and encrypt personal identifiers when we store such data. Once a user is registered on our platform, we assign such user a unique user ID. When offering precision marketing solutions and medical knowledge solutions, we only use user IDs and associated behavior data, which do not contain any personal identifiers. We de-sensitize clinical data and use code names for patient identity management when we store such data in connection with providing EDC system, CDMS and RWS support solutions. We do not store patients' data in offering patient recruitment service. We de-sensitize survey participants' responses and use user ID for survey participant identity management when we store such data in connection with providing our digital market research solutions. We de-sensitize patients' background data, medical records as well as diagnosis results and use user ID for patient identity management when we store such data in connection with providing our intelligent patient management solutions through our Internet hospital. We de-sensitize patients' background data and the name of the disease diagnosed and use user ID for patient identity management when we store such data in connection with providing our patient education services. Our encryption technologies enable us to detect, encrypt or remove personal identifiers, including name, telephone number, identity card number and any other information that can identify a user pursuant to the applicable PRC laws and regulations. We also store user data in encrypted format. In addition, we encrypt our data transmission, especially user data transmission, using sophisticated security protocols and algorithms to ensure confidentiality. We have built an information security management system based on the international framework of ISO27001 to manage and protect our information from a variety of aspects, such as security policy

and technical control. Our network and application systems use a defense-in-depth security system and are secured at multiple layers, including network segmentation, strict access control and secure communication protocols between the applications and servers. To prevent unauthorized access to our system, we have implemented network boundary access controls and authorization for remote access.

We have contracted with multiple Internet data center providers in mainland China to ensure the stable operation of our business. Our systems infrastructure is hosted in redundant data centers in three cities of mainland China, including one local data center and two remote data centers. We also have a disaster recovery plan with comprehensive backups of all our operating data conducted every day locally and in remote data centers to minimize the risk of data loss or leakage. We conduct frequent reviews of our back-up systems and regular data recovery testing to ensure that they function properly and are well maintained. In addition, we use third-party cybersecurity company to conduct regular penetration test to identify weaknesses in our system and evaluate its security. Whenever an issue is discovered, we take prompt actions to upgrade our system and mitigate any potential problems that may undermine the security of our system. We believe our policies and practice with respect to data privacy and security are in compliance with applicable laws and with prevalent industry practice. During the Track Record Period and up to the Latest Practicable Date, we have not received any claim from any third party against us on the ground of infringement of such party's right to data protection as provided by the PRC Civil Code Law or any applicable laws and regulations in the PRC. As confirmed by our PRC Legal Adviser, according to an interview with the Internet Security Supervision Department of Beijing Public Security Bureau Chaoyang Branch (北京市公安局朝陽分局網絡安全保衛大隊), during the same period, (i) we were in compliance with the applicable PRC data protection and privacy laws and regulations in material respects; and (ii) we were not subject to any administrative penalties due to violation of applicable data protection and privacy laws and regulations in China. Our PRC Legal Adviser has confirmed that the Internet Security Supervision Department of Beijing Public Security Bureau Chaoyang Branch is the competent authority to provide such confirmation.

## SALES AND MARKETING

We primarily market our precision marketing and corporate solutions to pharmaceutical and medical device companies through our sales force. We have an experienced and highly trained team of professional business development representatives and support staff focused on securing business from both new and existing customers. To maintain existing customer relationships, we assign each pharmaceutical company a project manager to cover the relevant drug products. Customer satisfaction has brought us word-of-mouth referrals and additional purchases. Our sales team also actively communicates with large pharmaceutical companies who are not currently our customers and regularly responds to requests for potential collaborations. We also work with pharmaceutical companies' advertising agencies to place their customized content.

In addition to pharmaceutical companies, our research solutions are primarily marketed to hospitals. We market our solutions through multiple channels on our platform to physicians and their hospitals.

Our large scale and compelling value propositions have enabled us to attract large numbers of physicians and healthcare professionals to our platform through word-of-mouth referrals. We also market our platform through popular search engines.

We take into account a variety of factors in determining our pricing strategies, such as market demand, anticipated market trends and the prices of our competitors' products. We believe our pricing strategies are in line with the market trends. Our precision digital detailing satisfies pharmaceutical and medical device companies' needs for targeted marketing campaigns based on criteria such as physician specialty and geography across multiple digital channels. According to the Frost & Sullivan Report, other digital healthcare marketing providers in China do not have the level of precision delivery capability that we have and therefore cannot offer comparable marketing services. The pricing model for our precision digital detailing, which is primarily cost-per-click by targeted physicians as agreed with our customers, best reflects the value our service offers and is different from what other digital healthcare marketing providers use to price their services, which is primarily cost per advertisement placed on social media sites, such as WeChat, or platform websites maintained by such other providers. Despite that our pricing model for our precision digital detailing services is different from others, our pricing model has been accepted by pharmaceutical and medical device companies, as often our service is chosen through a competitive bidding process, which our competitors with different pricing models participated. In addition, precision digital detailing is a part of our precision marketing and corporate solutions, which are integrated solutions designed to address different needs of pharmaceutical and medical device companies at all stages of the value chain from drug discovery to real-world usage. According to the Frost & Sullivan Report, no other digital healthcare marketing providers in China can offer such comprehensive set of services. This also gives us a competitive advantage in winning new business and driving continued market acceptance of our pricing model.

The pricing model for our other services, including marketing consulting, digital content creation and services under corporate solutions, is primarily based on time spent on a particular project. According to the Frost & Sullivan Report, such pricing model is in line with that used by other providers offering similar services, and our fee rates are comparable to the prevailing market rates. During the Track Record Period, we did not have any material loss-making projects on an individual or aggregate basis.

## CUSTOMERS

Our customers primarily include (i) pharmaceutical companies, medical device companies, hospitals, research institutions and CROs for our precision marketing and corporate solutions, (ii) physicians and other users, including other healthcare professionals, for our medical knowledge solutions and (iii) patients, pharmaceutical companies and non-profit organizations for our intelligent patient management solutions.

Our business recorded high customer retention during the Track Record Period. 90% of healthcare customers who purchased our precision marketing and corporate solutions in 2018 continued to do so in 2019; 84% of healthcare customers who purchased our precision marketing and corporate solutions in 2019 continued to do so in 2020. Revenue from providing precision marketing and corporate solutions to healthcare customers who did not purchase such solutions in 2020 was RMB2.2 million and RMB2.0 million in 2018 and 2019, respectively. Revenue from providing precision marketing and corporate solutions to healthcare customers who did not purchase such solutions in 2019 and 2020 was RMB0.4 million in 2018. In the years ended December 31, 2018, 2019 and 2020, our average revenue per healthcare customer, which is calculated by dividing the total revenue generated from healthcare customers for purchasing our precision marketing and corporate solutions in the relevant year by the corresponding number of healthcare customers who made such purchases, was RMB1.9 million, RMB1.8 million and RMB2.4 million, respectively. The range of revenue we generated from a single healthcare customer for purchasing our precision marketing and corporate solutions was RMB91 thousand to RMB10.5 million in 2018, RMB91 thousand to RMB13.6 million in 2019 and RMB94 thousand to RMB31.3 million in 2020. During the Track Record Period, our customer base included multi-national and China-based pharmaceutical and medical device companies. The demand for our solutions is affected by our healthcare customers' business needs, timing and size of promotional campaigns for specific products, marketing strategies and budget cycles. Differences in these aspects led to the wide ranges of revenue generated from our healthcare customers during the Track Record Period. Revenue from our largest customer for precision marketing and corporate solutions in 2020 increased significantly compared to revenue from such customer in 2019, which resulted in a significant increase in the upper end of the revenue range from our healthcare customers in 2020 compared to that in 2019. The increase in revenue from such customer is attributable to (i) an expansion of its marketing campaigns, including larger group of targeted physicians and additional delivery channels, and (ii) an increased number of healthcare products marketed using our solutions. Such customer increased its spending with us due to our proven ability to deliver outsized return on its marketing investment.

In the years ended December 31, 2018, 2019 and 2020, revenues from our top five customers accounted for 41.2%, 39.7% and 39.7% of our total revenues for the respective periods, and revenues from our largest customer accounted for 12.7%, 12.2% and 14.7% of our total revenues for the respective periods.

During the Track Record Period, all of our five largest customers were independent third parties of the Group. None of our Directors, their close 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 customers during the Track Record Period that is required to be disclosed under the Listing Rules.

The table below sets out the details of our top five customers during the Track Record Period:

**For the year ended December 31, 2018**

| Customer | Revenue amount (RMB in thousands) | Percentage of total revenue (%) | Year of commencement of business relationship with us | Principal business | Background | Solutions provided by us |
|---|---|---|---|---|---|---|
| Customer A . . . | 10,622.4 | 12.7 | 2014 | Pharmaceutical company | PRC subsidiaries of a multi-national biopharmaceutical company listed on the Nasdaq Global Select Market and the Euronext Stock Exchange[(1)] | Provision of precision marketing and corporate solutions and medical knowledge solutions |
| Customer B . . . | 7,649.8 | 9.2 | 2014 | Healthcare company | PRC subsidiaries of a multi-national healthcare company that develops pharmaceuticals, vaccines, and consumer health products and that is listed on the London Stock Exchange and the New York Stock Exchange[(2)] | Provision of precision marketing and corporate solutions |
| Customer C . . . | 6,322.5 | 7.6 | 2014 | Healthcare company | PRC subsidiaries of a multi-national healthcare company that develops medical devices, pharmaceuticals, and consumer health products and that is listed on the New York Stock Exchange[(3)] | Provision of precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions |
| Customer D . . . | 5,261.9 | 6.3 | 2014 | Pharmaceutical company | PRC subsidiaries of a multi-national pharmaceutical company listed on the New York Stock Exchange[(4)] | Provision of precision marketing and corporate solutions |

| Customer | Revenue amount (RMB in thousands) | Percentage of total revenue (%) | Year of commencement of business relationship with us | Principal business | Background | Solutions provided by us |
|---|---|---|---|---|---|---|
| Customer E . . . | 4,515.3 | 5.4 | 2015 | Pharmaceutical company | PRC subsidiaries of a multi-national biopharmaceutical company listed on the New York Stock Exchange[5] | Provision of precision marketing and corporate solutions |

We marketed five drugs for Customer A in 2018, including one cardiology drug, one rare disease drug, one neurology drug, one endocrine drug and one oncology drug. We developed customized content for Customer A's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer A. Customer A also commissioned customized electronic surveys using our *eSurvey* to gauge physicians' attitudes towards Customer A's drugs.

We marketed seven drugs for Customer B in 2018, including two hepatoprotective drugs, three neurology drugs, one respiratory drug and one endocrine drug. We developed customized content for Customer B's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer B.

We marketed 12 drugs for Customer C in 2018, including four psychiatric drugs, two neurology drugs, three hematology drugs, one oncology drug, one otorhinolaryngology drug and one antirheumatic drug. We developed customized content for Customer C's products, which was delivered through our *eMR* to targeted physicians selected by Customer C. Customer C also used our online meeting service to interact with targeted physicians and patient education services to educate patients about their conditions and treatment regimens.

We marketed six drugs for Customer D in 2018, including two psychiatric drugs, two endocrine drugs, one oncology drug and one genito-urinary drug. We developed customized content for Customer D's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer D. Customer D also commissioned customized electronic surveys using our *eSurvey* to gauge physicians' attitudes towards Customer D's drugs.

We marketed five drugs for Customer E in 2018, including three hepatoprotective drugs, one oncology drug and one hematology drug. We developed customized content for Customer E's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer E. Customer E also commissioned customized electronic surveys using our *eSurvey* to gauge physicians' attitudes towards Customer E's drugs.

**For the year ended December 31, 2019**

| Customer | Revenue amount (RMB in thousands) | Percentage of total revenue (%) | Year of commencement of business relationship with us | Principal business | Background | Solutions provided by us |
|---|---|---|---|---|---|---|
| Customer A . . . | 14,794.7 | 12.2 | 2014 | Pharmaceutical company | PRC subsidiaries of a multi-national biopharmaceutical company listed on the Nasdaq Global Select Market and the Euronext Stock Exchange | Provision of precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions |
| Customer C . . . | 13,566.1 | 11.2 | 2014 | Healthcare company | PRC subsidiaries of a multi-national healthcare company that develops medical devices, pharmaceuticals, and consumer health products and that is listed on the New York Stock Exchange | Provision of precision marketing and corporate solutions and intelligent patient management solutions |
| Customer B . . . | 7,794.6 | 6.4 | 2014 | Healthcare company | PRC subsidiaries of a multi-national healthcare company that develops pharmaceuticals, vaccines, and consumer health products and that is listed on the London Stock Exchange and the New York Stock Exchange | Provision of precision marketing and corporate solutions and intelligent patient management solutions |
| Customer D . . . | 6,894.4 | 5.7 | 2014 | Pharmaceutical company | PRC subsidiaries of a multi-national pharmaceutical company listed on the New York Stock Exchange | Provision of precision marketing and corporate solutions |
| Customer F . . . | 5,210.3 | 4.3 | 2014 | Pharmaceutical and life science company | PRC subsidiaries of a multi-national pharmaceutical and life science company that develops pharmaceuticals, consumer health products, and crop science products and that is listed on the Frankfurt Stock Exchange[(6)] | Provision of precision marketing and corporate solutions and medical knowledge solutions |

We marketed nine drugs for Customer A in 2019, including two cardiology drugs, one neurology drug, two endocrine drugs, one rare disease drug, one orthopedic drug, one pediatric drug and one hematology drug. We developed customized content for Customer A's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer A. Customer A also commissioned customized electronic surveys using our *eSurvey* to gauge physicians' attitudes towards Customer A's drugs. In addition, Customer A used our online meeting service to interact with targeted physicians and patient education services to educate patients about their conditions and treatment regimens.

We marketed 15 drugs, including three hematology drugs, five psychiatric drugs, one antirheumatic drug, two neurology drugs, one gastrointestinal drug, one oncology drug and two dermatological drugs, and one surgical medical device for Customer C in 2019. We developed customized content for Customer C's products, which was delivered through our *eMR* to targeted physicians selected by Customer C. Customer C also used our online meeting service to interact with targeted physicians and patient education services to educate patients about their conditions and treatment regimens. In addition, Customer C used our clinical research SaaS services.

We marketed seven drugs for Customer B in 2019, including one hepatoprotective drug, two neurology drugs, one endocrine drug, two respiratory drugs and one antirheumatic drug. We developed customized content for Customer B's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer B. Customer B also used our online meeting service to interact with targeted physicians and patient education services to educate patients about their conditions and treatment regimens.

We marketed 11 drugs for Customer D in 2019, including three endocrine drugs, one genito-urinary drug, three psychiatric drugs, two oncology drugs, one dermatological drug and one antirheumatic drug. We developed customized content for Customer D's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer D.

We marketed six drugs for Customer F in 2019, including two cardiology drugs, two radiology contrast media, one endocrine drug and one respiratory drug. We developed customized content for Customer F's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer F. Customer F also commissioned customized electronic surveys using our *eSurvey* to gauge physicians' attitudes towards Customer F's drugs. In addition, Customer F used our online meeting service to interact with targeted physicians.

**For the year ended December 31, 2020**

| Customer | Revenue amount (RMB in thousands) | Percentage of total revenue (%) | Year of commencement of business relationship with us | Principal business | Background | Solutions provided by us |
|---|---|---|---|---|---|---|
| Customer C . . . | 31,424.3 | 14.7 | 2014 | Healthcare company | PRC subsidiaries of a multi-national healthcare company that develops medical devices, pharmaceuticals, and consumer health products and that is listed on the New York Stock Exchange | Provision of precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions |

| Customer | Revenue amount (RMB in thousands) | Percentage of total revenue (%) | Year of commencement of business relationship with us | Principal business | Background | Solutions provided by us |
|---|---|---|---|---|---|---|
| Customer G . . . | 15,187.7 | 7.1 | 2014 | Pharmaceutical company | A PRC subsidiary of a multi-national pharmaceutical company headquartered in Germany(7) | Provision of precision marketing and corporate solutions and medical knowledge solutions |
| Customer A . . . | 14,907.5 | 7.0 | 2014 | Pharmaceutical company | PRC subsidiaries of a multi-national biopharmaceutical company listed on the Nasdaq Global Select Market and the Euronext Stock Exchange | Provision of precision marketing and corporate solutions and medical knowledge solutions |
| Customer H . . . | 11,583.9 | 5.4 | 2014 | Healthcare company | PRC subsidiaries of a multi-national healthcare company that develops innovative medicines, generics medicines, and biosimilars and that is listed on the SIX Swiss Exchange and the New York Stock Exchange(8) | Provision of precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions |
| Customer I . . . | 11,566.8 | 5.4 | 2013 | Pharmaceutical company | A PRC subsidiary of a multi-national pharmaceutical company listed on the New York Stock Exchange(9) | Provision of precision marketing and corporate solutions |

*Notes:*

(1) According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the net sales of such multi-national biopharmaceutical company amounted to over US$40 billion on a consolidated basis in 2020.

(2) According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the turnover of such multi-national healthcare company amounted to over US$45 billion on a consolidated basis in 2020.

(3) According to the annual report of the listed parent company for the fiscal year ended January 3, 2021, the sales to customers of such multi-national healthcare company amounted to over US$80 billion on a consolidated basis in the fiscal year ended January 3, 2021.

(4) According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the revenue of such multi-national pharmaceutical company amounted to over US$20 billion on a consolidated basis in 2020.

(5) According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the revenue of such multi-national biopharmaceutical company amounted to over US$40 billion on a consolidated basis in 2020.

(6) According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the net sales of such multi-national pharmaceutical and life science company amounted to over US$45 billion on a consolidated basis in 2020.

(7) According to the financial highlights published on the website of the German parent company, the net sales of such multi-national pharmaceutical company amounted to over US$20 billion on a consolidated basis in 2020.

(8) According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the net sales from continuing operations of such multi-national healthcare company amounted to over US$45 billion on a consolidated basis in 2020.

(9) According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the sales of such multi-national pharmaceutical company amounted to approximately US$20 billion on a consolidated basis in 2020.

We marketed 18 drugs, including three hematology drugs, four psychiatric drugs, one antirheumatic drug, two oncology drugs, one gastrointestinal drug, two pediatric drugs, one neurology drug, three dermatological drugs and one otorhinolaryngology drug, and one surgical medical device for Customer C in 2020. We developed customized content for Customer C's drugs, which was delivered through our *eMR* and *eBroadcasting* to targeted physicians selected by Customer C. Customer C also used our online meeting service to interact with targeted physicians and patient education services to educate patients about their conditions and treatment regimens.

We marketed four drugs for Customer G in 2020, including one cardiology drug, two endocrine drugs and one oncology drug. We developed customized content for Customer G's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer G.

We marketed 13 drugs for Customer A in 2020, including three cardiology drugs, two rare disease drugs, one pediatric drug, one endocrine drug, one dermatological drug, two neurology drugs and three hematology drugs. We developed customized content for Customer A's drugs, which was delivered through our *eMR* and *eBroadcasting* to targeted physicians selected by Customer A. Customer A also commissioned customized electronic surveys using our *eSurvey* to gauge physicians' attitudes towards Customer A's drugs. In addition, Customer A used our online meeting service to interact with targeted physicians.

We marketed nine drugs for Customer H in 2020, including one cardiology drug, one oncology drug, four hematology drugs, one endocrine drug, one neurology drug and one immunosuppressive drug. We developed customized content for Customer H's drugs, which was delivered through our *eMR* and *eBroadcasting* to targeted physicians selected by Customer H. Customer H also used our online meeting service to interact with targeted physicians and patient education services to educate patients about their conditions and treatment regimens. In addition, Customer H used our clinical research SaaS services and enrolled patients to its clinical trials through our patient recruitment service.

We marketed seven drugs for Customer I in 2020, including four endocrine drugs, two oncology drugs, and one cardiology drug. We developed customized content for Customer I's drugs, which was delivered through our *eMR* and *eBroadcasting* to targeted physicians selected by Customer I. Customer I also commissioned customized electronic surveys using our *eSurvey* to gauge physicians' attitudes towards Customer I's drugs. In addition, Customer I used our online meeting service to interact with targeted physicians.

## SUPPLIERS

Our top suppliers are primarily providers of information technology services, telecommunication services, customer services, product procurement services, property rental services and others. In the years ended December 31, 2018, 2019 and 2020, purchases from our largest five suppliers in aggregate accounted for 31.9%, 23.3%, and 28.7% of our total purchases for the respective periods, and purchases from our largest supplier accounted for 8.9%, 6.4% and 17.6% of our total purchases for the respective periods. Except for M3 Group, all of these suppliers are located in China. We typically advance rent payments prior to the beginning of a quarter on a quarterly basis. For product procurement, we typically advance payments to our major supplier. For other services, we typically make payments within 30 days after receipt of invoice.

Except for Jinye Tiansheng and M3 Group, all of our five largest suppliers are independent third parties of the Group during the Track Record Period. Except for (i) Ms. Tian Liping, (ii) Mr. Tian Lijun, (iii) Ms. Liu Lingdi, the spouse of Mr. Tian Lixin, (iv) M3, and (v) Mr. Eiji Tsuchiya, Ms. Zhou Xin and Dr. Li Zhuolin, each of whom owned an insignificant amount of equity interest in, or stock options granted by, M3 as of the Latest Practicable Date, none of our Directors, their close 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 during the Track Record Period that is required to be disclosed under the Listing Rules.

The table below sets out the details of our top five suppliers during the Track Record Period:

**For the year ended December 31, 2018**

| Supplier | Purchase amount (RMB in thousands) | Percentage of total purchase (%) | Year of commencement of business relationship with us | Principal business | Goods/services provides to us |
|---|---|---|---|---|---|
| Supplier A . . . | 2,426.7 | 8.9 | 2016 | Cultural promotion service and asset management | Property rental service |
| Supplier B . . . | 2,207.5 | 8.1 | 2017 | Information technology services | Telecommunication services |
| Supplier C[(1)] . . | 1,544.5 | 5.7 | 2017 | Information technology services | Product procurement |

| Supplier | Purchase amount (RMB in thousands) | Percentage of total purchase (%) | Year of commencement of business relationship with us | Principal business | Goods/services provides to us |
|---|---|---|---|---|---|
| Supplier D . . . | 1,341.0 | 4.9 | 2017 | Cultural communication services | Video production service |
| Jinye Tiansheng . . | 1,152.2 | 4.2 | 2017 | Customer support services | Customer services |

**For the year ended December 31, 2019**

| Supplier | Purchase amount (RMB in thousands) | Percentage of total purchase (%) | Year of commencement of business relationship with us | Principal business | Goods/services provided to us |
|---|---|---|---|---|---|
| Supplier A . . . | 2,387.8 | 6.4 | 2016 | Cultural promotion service and asset management | Property rental service |
| Supplier B . . . | 2,327.4 | 6.3 | 2017 | Information technology services | Telecommunication services |
| Jinye Tiansheng . . | 1,461.8 | 3.9 | 2017 | Customer support services | Customer services |
| Supplier C . . . | 1,400.2 | 3.8 | 2017 | Information technology services | Product procurement |
| M3 Group[(2)] . . | 1,085.0 | 2.9 | 2014 | Medical-related services through Internet | Technology and software license |

**For the year ended December 31, 2020**

| Supplier | Purchase amount (RMB in thousands) | Percentage of total purchase (%) | Year of commencement of business relationship with us | Principal business | Goods/services provided to us |
|---|---|---|---|---|---|
| Supplier C . . . | 10,409.5[(3)] | 17.6 | 2017 | Information technology services | Product procurement |
| Supplier A . . . | 2,188.8 | 3.7 | 2016 | Cultural promotion service and asset management | Property rental service |
| Supplier E . . . | 1,792.5 | 3.0 | 2020 | Internet technology services | Telecommunication services |
| Jinye Tiansheng . . | 1,375.0 | 2.3 | 2017 | Customer support services | Customer services |
| M3 Group . . . | 1,210.6 | 2.0 | 2014 | Medical-related services through Internet | Technology and software license |

*Notes:*

(1) Supplier C refers to the PRC subsidiaries of an e-commerce company listed on the Nasdaq Global Select Market and the Hong Kong Stock Exchange. According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the revenue of such e-commerce company amounted to over RMB700 billion on a consolidated basis in 2020.

(2) According to the consolidated financial results released by M3, the net sales of M3 Group amounted to over JPY150 billion for the fiscal year ended March 31, 2021.

(3) Purchases from Supplier C increased significantly in 2020, which were promotional merchandise, due to an increased level of promotion activities to drive user growth and engagement.

## COMPETITION

The markets for our solutions are highly competitive. These markets are characterized by frequent technological advances and product upgrades that have contributed to the digitalization of healthcare services. We face competition from other healthcare platforms that develop and commercialize digital healthcare marketing services, clinical research services, medical content services and/or patient management services. We compete with other healthcare platforms for physician users and healthcare customers and we strive to keep our solution offerings competitive so we can maintain and grow the number and engagement of physician users and healthcare customers:

- **Physician users.** We compete to attract, engage and retain physician users based on the quality and breadth of professional medical information and tools available on our platform, as well as the overall user experience of our products and services.

- **Healthcare customers.** We compete to attract and retain pharmaceutical and medical device companies based on the scale and the engagement of physician users on our platform, as well as our technology capability and data insights.

We also face competition from traditional players that offer healthcare marketing services and/or contract research services. Medical representatives that are engaged by pharmaceutical and medical device companies to conduct in-person detailing represent a major portion of the traditional players for healthcare marketing services. Other traditional players for healthcare marketing services include conference vendors that help organize offline academic conferences, and to a lesser extent, contract sales organizations or third-party agencies that help promote and distribute healthcare products on behalf of pharmaceutical and medical device companies. Traditional players for contract research services include offline outsourcing service providers. We may also in the future face competition from new entrants that will increase the level of competition. For example, more established technology companies that possess substantial financial resources, sophisticated technological capabilities and broad distribution channels may develop solutions that directly compete with ours.

We are the largest online professional physician platform in China in terms of registered physician users as of December 31, 2020, according to the Frost & Sullivan Report. We also ranked first among physician platform-based digital healthcare marketing service providers in

China in terms of revenue in 2020, with a 21.4% market share, according to the Frost & Sullivan Report. Principal competitive factors important to us include large physician network, precision delivery capability, user engagement, integrated marketing solutions and advanced technologies. For additional details regarding the competitive landscape of the industry in which we operate, see "Industry Overview."

For risks relating to our competitiveness in the industry, please see "Risk Factors — Risks Relating to Our Business and Industry — If we are unable to compete effectively, our business, results of operations and financial condition may be materially and adversely affected."

## AWARDS AND RECOGNITION

During the Track Record Period, we received recognition for the quality and popularity of our solutions, including most noticeably the recent 2019 Health New Media Top 20 Award by the Chinese Medical Doctor Association for our *Medlive* platform and MedDigital Solution Award by the Chinese Medical Affairs Conference for our precision marketing solutions.

## OUR SOCIAL RESPONSIBILITIES

We aim to make a difference in people's lives by improving the healthcare system with our solutions. We are committed to contributing to positive societal impact aligned with the United Nations Sustainable Development Goals, particularly those related to good health and well-being and quality education. Our achievements and initiatives in the area of corporate social responsibility include the following:

### Good Health and Well-being

We seek to increase health and well-being for people at all ages by supporting clinical decisions by physicians and educating patients about their conditions. We believe our solutions help improve the accuracy of diagnosis, raise awareness of health issues and motivate lifestyle changes.

### Quality Education

We strive to promote inclusive and equitable quality education and lifelong learning opportunities for medical students, physicians and other healthcare professionals. We believe our solutions help medical students, physicians and other healthcare professionals improve their clinical knowledge and skills.

**COVID-19 Responses**

We took a proactive societal role to combat the COVID-19 pandemic. We purchased personal protective equipment, including protective masks, helmets, gloves, goggles and clothing, from overseas and donated to hospitals and physicians at the beginning of the pandemic. We also organized over 500 online Q&A sessions hosted by medical experts for patients, as hospital services were temporarily suspended for certain diseases during the pandemic.

**Our ESG Policy**

Our business does not face material environmental, social and corporate governance ("**ESG**") risks or opportunities, including environmental, social and climate-related risks or opportunities, which could cause potential material impact on our business, strategy and financial performance. We primarily generate revenues from operating an online professional physician platform in China, which is not an industry sector that has material ESG exposure. Our business does not involve (i) material environmental risks such as inherent exposure to carbon emission, land and water use, manufacturing footprint and packaging, or (ii) material social risks such as health and safety risks.

Nevertheless, we have adopted a set of policy on environmental, social and corporate governance ("**ESG Policy**"), which sets forth our corporate social responsibility objectives and provides guidance on practicing corporate social responsibility in our daily operations. Our board of directors has the collective and overall responsibility for establishing, adopting and reviewing our policies for environmental, social and corporate governance related matters, and evaluating, determining and addressing the relevant risks. The audit committee of our board of directors is tasked with amending and evaluating the implementation of our ESG Policy, and our general administration department is responsible for the implementation of our ESG Policy.

Under our ESG Policy, we aim to build a sustainable community with our employees, business partners, users and other participants of our platform. We endeavor to reduce negative impacts on the environment through our commitment to energy saving and sustainable development. We also focus on embracing diversity within our Company and equal and respectful treatment of all of our employees including employees with disabilities in their hiring, training, wellness and professional and personal development. We will continue to promote work-life balance and create a positive workplace for all of our employees. We strive to establish a sound talent cultivation mechanism and create an online-offline combined training platform.

We align our editorial policies and content standards with our ESG policy. Pursuant to our editorial policies and content standards, customized content and all forms of marketing communications on our platform should be prepared with a due sense of social responsibility. We believe customized content should be legal, decent, honest and truthful. Moreover, customized

content should conform to the principles of fair competition, as generally accepted in business. We have the sole discretion for determining the types of customized content that we accept and ensure that all customized content that appears on our platform is displayed in compliance with the principles and standards above. Our policies require, among other things, that customized content is evidence-based and under no circumstances is inaccurate, biased or malicious content allowed to be published.

We recognize and maintain a distinct separation between customized content, which is sponsored by pharmaceutical and medical device companies, and medical knowledge content, which is non-sponsored, editorial content. We take meaningful steps to ensure that our users can easily distinguish between customized content and medical knowledge content.

We do not incentivize KOLs we collaborate with or our content team to generate paid clicks for customized content in order to minimize any conflicts of interest. KOLs and members of our content team do not receive commissions on the number of paid clicks. We pay expert consultation fee to KOLs we collaborate with to develop content as reasonable compensation for their time spent, which is a fixed fee not tied to the performance of the content developed. Operating metrics related to customized content, such as number of paid clicks, are not contributing factors when evaluating the compensation for the members of our content team.

Our ESG Policy sets forth measures to reduce our carbon footprint such as reducing the energy consumption through:

- encouraging our employees to commute by public transport and arranging shuttle buses for our employees to conveniently access public transport from our office premises;
- installing energy efficient lighting and asking our employees to switch off lighting after working hours;
- encouraging our employees to avoid printing hard copies and requiring double-sided printing whenever possible;
- encouraging teleconferences as opposed to physical meetings to reduce travel;
- asking our employees to be mindful of the environment when using office supplies and encouraging them to reuse office supplies; and
- reducing the usage of air conditioning, including requirements on lowest temperature.

## HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We do not believe that we are subject to any significant health, work safety or environmental risks. To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary and after consultation with our legal advisers, adjust our human resources policies to accommodate material changes to relevant labor and work safety laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any fines or other penalties due to non-compliance in relation to health, work safety or environmental regulations and have not been involved in any accident, or claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations.

## INTELLECTUAL PROPERTY

Intellectual property is fundamental to our success and competitiveness, and we devote significant time and resources to their development and protection. As of the Latest Practicable Date, we had been issued 38 software copyrights, 21 registered trademarks and two pending trademark applications in China. As of the Latest Practicable Date, we had also registered 34 domain names in China, including, among others, kingyee.com.cn.

We rely upon a combination of patent, trade secret, copyright and trademark laws, license agreements, confidentiality procedures, nondisclosure agreements with employees, customers and others, and technical measures to protect intellectual property used in our businesses. In addition, our employees must enter into a standard employment contract which includes a clause acknowledging that all inventions, trade secrets, developments and other processes generated by them during their employment with us are our properties, and assigning to us any ownership rights that they may claim in those works.

We also rely on a variety of intellectual property rights licensed from third parties, including Internet server software, databases and healthcare information used on our websites and elsewhere on our platform. These third-party licenses may not continue to be available to us on commercially reasonable terms. Our loss of or inability to maintain or obtain upgrades to any of these licenses could significantly harm us. In addition, because we license information from third parties, we may be exposed to copyright infringement actions if those parties are subject to claims regarding the origin and ownership of that information. Furthermore, despite our precautions, third parties may obtain and use intellectual property that we own or license without our consent. During the Track Record Period and up to the Latest Practicable Date, we did not find any material disputes or any other pending material legal proceedings of intellectual property rights with third parties.

However, future unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations. See "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to prevent unauthorized use of our intellectual property, which could harm our business and competitive position."

Please see "Appendix IV — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual property rights of the Group" for details of our material intellectual property rights.

We have adopted policies and procedures to prevent copyright infringement and ensure our operations are in compliance with copyright related laws and regulations. We require all our employees to comply with our policies, and we strictly prohibit unauthorized use of copyrighted content. We provide trainings and clear guidelines to our employees to help them understand the scope of copyrighted works. We license copyright-protected content from the copyright owners prior to using such content on our platform, and ensure the licensed content is used within the authorized scope. We encourage employees to educate their peers on copyright compliance and report any potential copyright infringement.

We have a multi-layered copyright compliance mechanism in place. Managers of each of our solution products are responsible for ensuring content posted through such product is in compliance with the applicable laws and regulations.

Our content team is responsible for reviewing and screening customized content and PGC. We have set up editorial teams by specialty, with each team having at least three editors. Each piece of customized content and PGC is first cross reviewed by other members of an editorial team and approved by the chief editor of the team before we post it on our platform. The editorial team will invite the chief medical editor of our platform and our head of platform operations to jointly review the content if the team's internal review cannot determine the quality and originality of the content. If uncertainty remains after the joint review, we invite KOLs in the field to make a final decision.

We screen UGC for potential copyright infringement and other violations of platform rules. We require our users to represent that their content does not violate applicable laws and regulations, or infringe on any third-party's legal rights before posting it on our platform. All UGC, including commentary content, is first screened by an automated filtering system which identifies and flags suspicious content for manual review and further action by our platform operation and customer service team based on a regularly updated repository of keywords, according to the latest laws and regulations in China. Our manual screening procedure is multi-layered, with each piece of flagged content subject to review and cross-review by different

staff in our platform operation and customer service team. Once UGC is approved and posted on our platform, our content editors re-examine such content periodically and promptly remove such content if we discover it infringes any third-party copyrights.

We also encourage our users to help us with our content screening and monitoring efforts. To the extent any problematic content has been posted on our platform, we promptly remove such content as soon as we identify it, including when we are notified or made aware by copyright owners. If we discover a user who has repeatedly violated the user agreement, applicable laws and regulations or infringed on any third-party copyrights, we will block such user's future uploads of content to our platform or terminate such user's account.

## INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by Chinese laws and regulations and in accordance with the commercial practices in our industry. Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and housing funds, as required by Chinese laws and regulations. We also purchase supplemental accident insurance for our employees.

We also carry professional liability insurance in relation to our Internet hospital services. We do not carry insurance for other solutions. In addition, we do not maintain business interruption insurance or general third-party liability insurance, nor do we maintain product liability insurance or key-man insurance. See "Risk Factors — Risks Relating to Our Business and Industry — We have limited business insurance coverage, which could expose us to significant costs and business disruption." During the Track Record Period, we did not make any material insurance claims in relation to our business. The following table summarizes our liability exposure to third parties in addition to our contractual obligations to our customers and the insurance coverage by our solution category:

| Solution Category | Liability | Insurance |
|---|---|---|
| Precision marketing and corporate solutions: | | |
| Precision marketing solutions | Our PRC Legal Adviser is of the view that we should not be liable for any damages caused by inaccuracies or use or misuse of the customized content by physicians on the basis that the intellectual property rights of all work products produced under our agreements typically belong to our customers and we include disclaimers on our platform and caution our users that the content is for information purposes only and is not intended to serve as a source for medical advice or the basis of any clinical decision, and that we cannot guarantee the accuracy or the completeness of the content. | N/A |

| Solution Category | Liability | Insurance |
|---|---|---|
| Corporate solutions | Our PRC Legal Adviser is of the view that we should not be liable for any potential claims of personal injury or other harm caused by our customers in connection with their clinical practice.<br><br>Our PRC Legal Adviser is of the view that we should not be liable for any potential claims of personal data breaches in connection with providing *eSurvey* digital market research solutions on the basis that we are in compliance with the applicable PRC data protection and privacy laws and we do not collect any personal data of survey participants during surveys or include any such personal data in the survey results and analysis we deliver to our healthcare customers. | N/A |
| Medical knowledge solutions | Copyrights infringement or misappropriation claims by third parties, including competing online medical information platforms, relating to the medical knowledge information posted on our platform.<br><br>Potential claims against us by users for any damages caused by inaccuracies or use or misuse of the information on our platform | N/A |
| Intelligent patient management solutions | Medical liability claims for physician misconduct or medical malpractice in connection with providing online consultation and prescription services on our Internet hospital | Professional liability insurance for our Internet hospital and the external physicians with whom we collaborate in relation to the provision of Internet hospital services by such external physicians on our platform |

| Solution Category | Liability | Insurance |
|---|---|---|
| | Our PRC Legal Adviser is of the view that we should not be liable for any medical liability claims in connection with providing patient education services on the basis that such services do not involve any activities related to online consultation, Internet hospital services or remote medical services. Our PRC Legal Adviser is of the view that we should not be liable for any damages caused by inaccuracies or use or misuse of the patient education content on the basis that (i) such content is published by our partner non-profit organizations and we are not the publisher of such content, (ii) such content has been reviewed by our partner non-profit organizations before being published, and (iii) our agreements with partner non-profit organizations do not require us to indemnify them for any damages caused by inaccuracies or use or misuse of the patient education content. | |

## EMPLOYEES

As of December 31, 2018, 2019 and 2020, we had a total of 239, 277 and 327 employees, respectively. As of the Latest Practicable Date, we had a total of 365 employees. The table below sets out employees by function as of the Latest Practicable Date.

| Functions | Number of employees | % of total employees |
|---|---|---|
| Content management | 92 | 25.2 |
| Platform operation and customer service | 99 | 27.1 |
| Research and development | 106 | 29.0 |
| General and administration | 34 | 9.3 |
| Sales and marketing | 34 | 9.3 |
| **Total** | **365** | **100.0** |

As of the Latest Practicable Date, all of our employees are based in China. Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives.

We primarily recruit our employees through recruitment agencies and online channels including our corporate website and social networking platforms. We have adopted comprehensive training program, pursuant to which employees regularly receive training from management, technology, regulatory and other internal speakers or external consultants. All our employees are eligible to attend relevant internal trainings and they may also attend external trainings upon their supervisors' approvals.

As required under PRC regulations, we participate in housing fund and various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans, under which we make contributions at specified percentages of the salaries of our employees. We also purchase supplemental accident insurance for our employees. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We plan to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

We enter into standard labor contracts and confidentiality agreements that contain non-compete restrictions with our employees.

None of our employees are currently represented by labor unions. We believe that we maintain a good working relationship with our employees and we did not experience any significant labor disputes or any difficulty in recruiting staff for our operations.

**PROPERTIES**

We do not own any properties. Our headquarters are located in Beijing, China, where we lease and occupy our office space with an aggregate floor area of approximately 1,920 square meters as of the Latest Practicable Date. A substantial majority of our employees are based in Beijing. As of the Latest Practicable Date, we also lease and occupy office space in Shanghai, Shijiazhuang and Yinchuan with an aggregate floor area of approximately 927 square meters.

These leases have expiration dates ranging from December 2021 to November 2025. Leases covering an aggregate floor area of approximately 1,920 square meters for our headquarters will expire in November 2025. We will renew our lease for a certain property only if such property: (i) is compliant with all environment, health and safety laws and regulations, (ii) is not subject to any dispute, lawsuit or other factors that may affect our use, (iii) offers quality property management service, and (iv) is located at a place with sufficient substitute properties in case we cannot renew our lease. To ensure a certain property satisfies all these requirements, we do a background check on whether the property or the landlord is subject to any investigation, dispute or lawsuit or has

any enforcement record and routinely evaluate the service quality of the property management company. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

As of December 31, 2020, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our interests in land or buildings.

## LEGAL PROCEEDINGS AND COMPLIANCE

We are currently not a party to any material legal or administrative proceedings. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

During the Track Record Period and up to the Latest Practicable Date, we have had no incidents of non-compliance having a material adverse effect on our business, financial condition or results of operations.

Certain of our business practices during the Track Record Period may constitute noncompliance incidents. For example, historically, our contributions to social insurance and housing fund for our employees may be found inadequate under PRC law. We recorded RMB10.6 million as other payables and accruals in our financial statements to reflect our estimation of the total amount of historical shortfall as of December 31, 2020. Pursuant to relevant PRC laws and regulations, we may be ordered by the relevant government authorities to pay the historical shortfall amount within a prescribed period and the historical shortfall in social insurance contributions shall be subject to a late fee of 0.05% per day from the due date. If we fail to make a payment within the prescribed period, we may face an additional fine ranging between one to three times the historical shortfall in social insurance contributions. Pursuant to relevant PRC laws and regulations, if there is a failure to pay the full amount of housing provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. As of the date of this prospectus, we have not received any notice of warning or been subject to any administrative penalties or other

disciplinary actions from the relevant governmental authorities for our historical shortfall in social insurance and housing fund contribution. Our PRC Legal Adviser is of the opinion that the risk of us being subject to such fine is low provided that we make the payment within the prescribed period. See "Risk Factors — Risks Relating to Our Business and Industry — Failure to make adequate contributions to various government-sponsored employee benefits plans as required by PRC regulations may subject us to penalties" for more details. Based on the foregoing, our Directors are of the view that none of the noncompliance incidents as described above could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) promulgated on September 21, 2018 by the Ministry of Human Resources & Social Security, administrative enforcement authorities are prohibited from organizing and conducting centralized collection of enterprises' historical social insurance arrears. We have begun to implement measures to rectify our non-compliance with social insurance and housing provident funds laws and regulations. We undertake to make timely payments for the deficient amount and overdue charges, as soon as requested by the competent government authorities.

## RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations such as financial reporting, information system, internal control, human resources and investment management.

### Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, budget management policies, financial statements preparation policies and financial department and staff management policies. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures. We also provide regular training to our financial department staff to ensure that they understand financial management and accounting policies and implement them in our daily operations.

**Operational Risk Management**

We value the quality and safety of the healthcare services provided on our platform. We strive to minimize medical risks arising from our Internet hospital operations and have not received any written notice or penalty for material non-compliance or violation of healthcare service quality and safety laws or regulations. We conduct evaluations of physicians to ensure that they have the relevant qualifications and licenses to join our Internet hospital. We require physicians on our Internet hospital to strictly adhere to the work scope and quality requirements specified in our terms of use in compliance with applicable legal and regulatory requirements.

We have adopted internal policies and practices relating to content standards. We select medical information primarily based on clinical utility and scientific value. We also consider the levels of evidence used in accordance with the professional standards for evidence-based medical research, comprehensiveness, conciseness and timeliness. We require customized content to be evidence-based and do not publish inaccurate, biased or malicious content. See "— Content on Our Platform — Content Standards" for further details.

**Information System Risk Management**

Sufficient maintenance, storage and protection of user data and other related information is critical to our success. We have implemented relevant internal procedures and controls to ensure that user data is protected and that leakage and loss of such data is avoided. Our information technology system security department are responsible for ensuring the security of our information technology infrastructure and ensuring that the usage, maintenance and protection of user data are in compliance with our internal rules and the applicable laws and regulations. We provide regular trainings to our information technology teams. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of user data. See "— Our Technology" and "— Data Protection and Privacy" for further details.

**Internal Control Risk Management**

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the form of contracts we enter into with our customers and suppliers. Our legal department examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform their obligations our business contracts and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements.

Our in-house legal department is responsible for obtaining any requisite governmental pre-approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

We continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

**Human Resources Risk Management**

We provide regular and specialized training tailored to the needs of our employees in different departments. Our human resource department regularly organizes internal training sessions conducted by senior employees or outside consultants on topics of interest. Our human resource department schedules online trainings, reviews the information of the trainings, follows up with employees to evaluate the impact of such training and rewards lecturers for positive feedback. Through these trainings, we ensure that our staff's skill sets remain up-to-date, enabling them to better discover and meet consumers' needs.

We have in place an employee handbook approved by our management and distributed to all our employees, which contains internal rules and guidelines regarding best commercial practice, work ethics, fraud prevention mechanism, negligence and corruption. We provide employees with regular trainings and resources to explain the guidelines contained in the employee handbook.

We also have in place anti-corruption and anti-bribery policies to safeguard against any corruption within our Company. Our policies explain potential corruption conducts and our anti-corruption measures. We prohibit our employees from receiving or giving any form of bribes or kickbacks in dealing with third parties. We have included clear and strict guidelines against the acceptance of gifts, hospitality and other offers by interested third parties and the making of such offers by our employees to any third-parties. Our employees are required to sign an anti-corruption and anti-bribery undertaking. It is our policy that each department shall perform self-check on any violations in key processes and roles on a regular basis, and report to the internal control department any violation or trace of possible risk events, and our internal control department conducts internal control inspections regularly. We have anti-corruption and anti-bribery clauses in our business contracts, which allow us to terminate the contracts for any violation of such clauses by the counterparties. We require our suppliers and other third parties who cooperate with us to sign an anti-corruption and anti-bribery undertaking, and comply with relevant laws and regulations. We will report bribery and corruption activities to relevant authorities if we determine such activities to have violated applicable laws and regulations. We make our internal reporting channel open and available for our staff to report any corruption acts, and our staff can also make anonymous reports to our internal audit department. Our internal audit department is responsible for investigating the reported incidents and taking appropriate measures. We conduct sufficient

risk-based due diligence before hiring any third party and ensure that the hiring procedure is implemented fully in accordance with the anti-bribery policy. We also have regular trainings for employees regarding anti-bribery policy to facilitate better implementation. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any anti-bribery incident by our employees in relation to all of our customers.

**Investment Risk Management**

Our investment strategy is to invest in or acquire businesses that are complementary to our business and aligned with our own growth strategies. We adopt investment plans in line with our business strategies with inputs from various business departments. We generally intend to hold our investments for the long term. In order to manage the potential risks associated with investments, we would generally require any potential investee companies to grant us customary minority investor protective rights.

Our investment department is responsible for investment project sourcing, screening, execution and post-investment risk management. The department sources investment projects in accordance with our investment strategy and preliminarily assesses the risks and potential of the investment projects. We employ different levels of approval and due diligence mechanisms corresponding to the specific circumstances involved in an investment project.

In addition, our investment department is responsible for monitoring the performance of each investment on a regular basis. The department is also responsible for preparing analysis reports and providing recommendations on measures to reduce any risks involved in each investment project and must report to the head of the department and then to our investment committee if there is any material change to the financial position of an investment.

## CUSTOMER SERVICE

We are committed to delivering an exceptional level of service to our customers. We engage customer service specialists to handle all kinds of user queries and complaints regarding our products and services. Users can make queries and file complaints via various channels, such as email, telephone and social media.

## LICENSES AND PERMITS

As of the Latest Practicable Date, as advised by our PRC Legal Adviser, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations in China and such licenses, approvals and permits are valid and subsisting.

The following table sets out a list of material licenses and permits currently held by us.

| License/Permit | Holder | Grant Date | Expiration Date |
|---|---|---|---|
| Internet Content Provider License (電信與信息服務業務經營許可證) . . . . | Yimaihutong | December 19, 2018 | December 19, 2023 |
| Online Drug Information Offering License (互聯網藥品信息服務資格證書) . . . . . | Yimaihutong | December 28, 2018 | December 27, 2023 |
| Permit for Cyber Culture Business Operations (網絡文化經營許可證) . . . . | Yimaihutong | May 14, 2020 | May 13, 2023 |
| Radio and TV Program Production and Business Operation License (廣播電視節目製作經營許可證) . . . . . | Yimaihutong | September 27, 2020 | September 27, 2022 |
| Value-added Telecommunication Business License (增值電信業務經營許可證) . . . | Yimaihutong | April 27, 2017 | December 13, 2021[(1)] |
| License for Foreign-Related Investigation (涉外調查許可證) . . . . . | Yimaihutong | May 22, 2020 | May 21, 2023 |
| Medical Institution Practicing License (醫療機構執業許可證) . . . . . | Yinchuan Yimaitong | October 20, 2020 | October 19, 2025 |

*Notes:*

(1) Pursuant to the applicable PRC laws and regulations, the renewal application for Value-added Telecommunication Business License should be made to the issuing authority 90 days prior to its expiry. As such, we have not made a renewal application for such license. We currently do not anticipate material challenges to renew such license.

## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Schemes), our Group will have two groups of Controlling Shareholders, being: (i) the group comprising Ms. Tian Liping, Mr. Tian Lixin, Mr. Tian Lijun and Tiantian (the "**Tiantian Group**"); and (ii) M3, each of which will continue to own and control approximately 38.8% and 38.8% of the issued share capital of our Company, respectively.

Each of Tiantian and M3 has held their respective interests in our Company separately and exercised their shareholders' rights independently. Further, in preparation for Listing, Tiantian and M3 entered into the Supplemental Agreement, pursuant to which the Joint Venture Agreement entered into between Tiantian and M3 will terminate and cease to have effect immediately prior to Listing. Accordingly, Tiantian and M3 are independent of each other and are not together a group of Controlling Shareholders.

### The Tiantian Group

Tiantian is an investment holding company owned as to 48%, 37% and 15% by Ms. Tian Liping, our Chairwoman, our Chief Executive Director and an executive Director, Mr. Tian Lixin, our President and an executive Director, and Mr. Tian Lijun, an executive Director and a vice president of our Group, respectively. Ms. Tian Liping, Mr. Tian Lixin and Mr. Tian Lijun are brothers and sister of each other. The Tiantian Group will collectively continue to own and control approximately 38.8% of the issued share capital of our Company immediately following completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Schemes) and will be a group of Controlling Shareholders.

### M3

M3 is a stock company incorporated in Japan with limited liability on September 29, 2000, the shares of which are listed on the Tokyo Stock Exchange (Stock Code: 2413.T). For the fiscal year ended March 31, 2021, the net sales and net profit of M3 amounted to approximately JPY169 billion and JPY41 billion, respectively, on a consolidated basis. As of March 31, 2021, the net equity and market capitalization of M3 was approximately JPY207 billion and JPY5.14 trillion, respectively, on a consolidated basis. M3 Group, among others, supplies medical information services for physicians through the Internet, clinical trial related services, job search and placement services for physicians and pharmacists, consumer facing services, and supports pharmaceutical companies and medical equipment manufacturers, hospitals, healthcare institutions,

and other stakeholders in the healthcare industry, outside of China primarily in Japan, Korea, India, Europe and U.S. and had approximately 8,000 employees as of March 31, 2021. M3 will continue to own and control approximately 38.8% of the issued share capital of our Company immediately following completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Schemes) and will be the other Controlling Shareholder.

Since the acquisition by M3 of 50% equity interest in our Company in December 2013, Tiantian and M3 have maintained a strategic business cooperation relationship in the development of our Company. The day-to-day operations of our Company are managed by Ms. Tian Liping, Mr. Tian Lixin and Mr. Tian Lijun. Despite M3 having designated four out of our seven directors, only one of them participated in the management of our Company as an executive Director and decisions at the Board level have been made after careful considerations to reach consensus among members of our Board instead of putting resolutions to a vote and passing the same by simple majority. Furthermore, each of M3 and Tiantian has 50% equity interest in our Company and therefore the same voting power at shareholders' meeting level. Hence, in essence, M3 had not exerted dominant control over our Company during the Track Record Period.

Certain members of our Board upon Listing, namely Ms. Zhou Xin (周欣), an executive Director and a vice president of our Group, Mr. Eiji Tsuchiya (槌屋英二) and Dr. Li Zhuolin (李卓霖), being non-executive Directors, were nominated to be appointed as our Directors by M3. Upon Listing, M3 ceases to have any special right, including the right to nominate or appoint any Director of our Company. Furthermore, M3 has not in the past, nor will it in the future, participate in our Group's day-to-day operation, save for participating and voting on the relevant resolutions in key matters at board/shareholder meetings.

**Interests of Ms. Tian Liping, Mr. Tian Lixin and Mr. Tian Lijun in Jinye Tiansheng and Jinye Tianxiang**

In 2013, Jinye Tiancheng and Yimaihutong acquired businesses relating to the operations of our *Medlive* platform, including the associated intellectual property, from our predecessor companies, Jinye Tiansheng and Jinye Tianxiang. As at the Latest Practicable Date, Jinye Tiansheng is owned as to 45%, 34%, 18% and 3% by Ms. Tian Liping, Ms. Liu Lingdi (劉領娣), the spouse of Mr. Tian Lixin, Mr. Tian Lijun and Ms. Sun Ting (孫婷), respectively. Jinye Tiansheng is principally engaged in the provision of customer support services. Jinye Tiansheng conducted minimal operations and mainly provided customer support services to our Group during the Track Record Period, which will be discontinued upon Listing. It is expected that Jinye Tiansheng will wind down its operations after Listing. As at the Latest Practicable Date, Jinye Tianxiang is owned as to 45%, 34%, 18% and 3% by Ms. Tian Liping, Mr. Tian Lixin, Mr. Tian Lijun and Ms. Sun Ting (孫婷), respectively. During the Track Record Period and as at the Latest

Practicable Date, Jinye Tianxiang did not conduct any business. Given Jinye Tiansheng will wind down its operations after Listing and Jinye Tianxiang did not conduct any business during the Track Record Period and as at the Latest Practicable Date, our Directors are of the view that each of Jinye Tiansheng and Jinye Tianxiang does not compete with our Group's business directly or indirectly. Our Directors confirm that they are not aware of any material non-compliance with the laws and regulations of the PRC on the part of Jinye Tiansheng and Jinye Tianxiang during the Track Record Period.

**Delineation of business**

There is clear delineation between the business of the Group and M3 Group as we have different geographical and market focuses.

During the Track Record Period, our Group operated in China. We are the largest online professional physician platform in China in terms of registered physician users as of December 31, 2020, according to the Frost & Sullivan Report. We also ranked first among physician platform-based digital healthcare marketing service providers in China in terms of revenue in 2020, with a 21.4% market share, according to the Frost & Sullivan Report. We primarily provide digital healthcare marketing services to pharmaceutical and medical device companies that participate in the China market, and our platform provides a setting for physicians in China to learn about and discuss the latest research, products and technologies available in the healthcare market and clinical best practices. On the other hand, M3 Group, among others, supplies medical information services for physicians through the Internet and supports pharmaceutical companies and medical equipment manufacturers, hospitals and healthcare institutions, outside of China primarily in Japan, Korea, India, Europe and U.S. M3 did not engage in the operation of professional physician platform or related businesses in the PRC during the Track Record Period. There is no overlap in the geographical location of the operations of our Group and M3 and such geographical delineation will ring-fence the operations of our Group from any potential competition from M3.

In addition, our Directors are of the view that there is a clear delineation between our services and those of M3 in the following aspects:

(i) different landscape and target physicians — the healthcare marketing in China is underpenetrated and less sophisticated compared to U.S. and Japan. There are also varying degrees of experience and education background of physicians in China, where medical expertise is concentrated in Class III hospitals in large cities. Our professional physician platform and our service offerings are tailored for the China market to better penetrate China's healthcare marketing industry;

(ii) different major sales points — our sales are provided in China while the services of M3 are provided primarily overseas, primarily in Japan, Korea, India, Europe and U.S.;

(iii) different language — our professional physician platform is operated, and our service offerings are provided, in Chinese language. In contrast, the services provided by M3 are in the local languages where M3 operates (including Japanese and English); and

(iv) different laws and regulations — the drugs and medical devices for which we provide digital marketing services are subject to licensing regime of the PRC, whereas the products for which M3 provides marketing services are subject to the local licensing regimes where M3 operates.

Based on the above, there is a clear delineation between the businesses of M3 and the business of our Group and our Directors are of the view that there is no overlap or competition of the business of our Group and the businesses of M3.

To ensure continued business delineation between our Group and the Controlling Shareholders, we have entered into the Deeds of Non-Competition with each of (i) the Tiantian Group and (ii) M3. For further details of the Deeds of Non-Competition, please see "— Deeds of Non-Competition by our Controlling Shareholders" below.

## COMPETING INTERESTS

Each of our Controlling Shareholders and Directors of our Company confirms that he, she or it or his/her/its respective close associates does not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

## DEEDS OF NON-COMPETITION BY OUR CONTROLLING SHAREHOLDERS

To ensure that competition does not develop between us and other business activities and/or interests of our Controlling Shareholders, the Tiantian Group has entered into a deed of non-competition dated June 18, 2021 in favor of our Company (for itself and as trustee for its subsidiaries) (the "**Tiantian Group Deed of Non-Competition**") and M3 has entered into a deed of non-competition dated June 18, 2021 with our Company (for itself and as trustee for its subsidiaries) (the "**M3 Deed of Non-Competition**", together with the Tiantian Group Deed of Non-Competition, the "**Deeds of Non-Competition**").

Pursuant to the Deeds of Non-Competition, each of our Controlling Shareholders has unconditionally and irrevocably undertaken that he/she/it will not (except through our Group and any investment or interests held through our Group), and will procure his/her/its close associates (except members of our Group) not to, and will not grant his/her/its close associates (except members of our Group) the right to, directly or indirectly, whether as principal or agent, either on his/her/its own account or in conjunction with or on behalf of any person, firm or company, carry on, engage, build up, operate, participate or hold any right or interest in (in each case whether as a shareholder, partner, agent, employee or otherwise) any business in the PRC which competes or is likely to compete, directly or indirectly, with the businesses of any member of our Group as at the date of the Deeds of Non-Competition including the operation of an online professional physician platform in the PRC as described in this prospectus (the "**Principal Business**") from time to time during the effective period of the Deeds of Non-Competition.

In addition, pursuant to the M3 Deed of Non-Competition, our Company and M3 have undertaken to each other that during the effective period of the M3 Deed of Non-Competition, if either of them intends to carry on or conduct the Principal Business outside of the PRC (the "**Business Plans**"), such party shall inform the other party in writing and explore collaboration opportunities regarding the Business Plans with the other party. For the avoidance of doubt, any such collaboration shall be subject to further mutual discussion and agreement. If collaboration relating to the Business Plans is agreed between the parties, definitive agreement(s) will be separately negotiated and entered into between the parties, subject to compliance with then applicable requirements under the Listing Rules and other applicable laws and regulations.

Pursuant to the Deeds of Non-competition, the above restrictions would only cease to have effect upon, so far as a Controlling Shareholder is concerned, the date that he/she/it ceases to be a controlling shareholder (as defined in the Listing Rules).

**Compliance in respect of the Deeds of Non-Competition**

Upon request by our Company, each of the Controlling Shareholders will, and will procure its affiliates to, provide all necessary information reasonably requested by our Company for the implementation of the undertakings contained in the Deeds of Non-Competition. Further, upon request of our Company, the Controlling Shareholders will allow the auditors of our Company to have reasonable access to the financial and corporate information necessary to assess its transactions with third parties, which would assist with our Company's judgments in respect of whether the Controlling Shareholders or their affiliates have complied with the undertakings contained in the Deeds of Non-Competition.

Our independent non-executive Directors will review, on an annual basis, to ensure compliance with the Deeds of Non-Competition by our Controlling Shareholders.

Our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deeds of Non-Competition (if any) in the annual reports of our Company.

## INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Controlling Shareholders and their respective close associates after the Global Offering.

### Management Independence

Upon Listing, our Board will comprise four executive Directors, two non-executive Directors and three independent non-executive Directors. For more information, please see the section headed "Directors and Senior Management" in this prospectus.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she must act for the benefit and in the best interest of our Company and must not allow any conflict between his/her duties as a Director and his/her personal interest. If there is any potential conflict of interest arising out of any transactions to be entered into between our Group and our Directors or their respective close associates, the interested Director 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.

Ms. Tian Liping, Mr. Tian Lixin and Mr. Tian Lijun are siblings and together established the Group. Each of Ms. Tian Liping, Mr. Tian Lixin and Mr. Tian Lijun is an executive Director as well as a director of Tiantian, a corporate Controlling Shareholder. Since Tiantian has no business other than holding each of Ms. Tian Liping's, Mr. Tian Lixin's and Mr. Tian Lijun's indirect shareholding interest in our Company, our Directors do not consider that there is any issue in relation to management independence arising from the overlapping of directors between our Company and Tiantian.

M3 has been a shareholder of the Company since December 2013. Ms. Zhou Xin (周欣) is an executive Director and each of Mr. Eiji Tsuchiya (槌屋英二) and Dr. Li Zhuolin (李卓霖) is a non-executive Director. Ms. Zhou Xin (周欣) is the head of China business unit at corporate and business development group of M3, Mr. Eiji Tsuchiya (槌屋英二) holds the position of executive director in M3, while Dr. Li Zhuolin (李卓霖) is a senior director at the solution partner business

unit of M3, and they will remain in such positions after the Listing. Details of the respective roles and responsibilities of Ms. Zhou Xin (周欣), Mr. Eiji Tsuchiya (槌屋英二) and Dr. Li Zhuolin (李卓霖) in our Company and M3 are set out as follows:

| Director | Roles and responsibilities in our Company | Roles and responsibilities in M3 |
|---|---|---|
| Ms. Zhou Xin (周欣) | Executive Director and vice president | Head of China business unit at corporate and business development group of M3 |
| | Overseeing and managing the digital marketing operations of our Group and responsible for multichannel business development of healthcare marketing and innovation and implementation of solutions | Facilitating any communications to create synergies and conduct administrative supports between M3 and our Company, as a secondee to our Company |
| Mr. Eiji Tsuchiya (槌屋英二) | Non-executive Director | Executive director and head of corporate and business development group of M3 |
| | Providing professional advice and judgment to the Board | Overseeing and managing the overall corporate development, business development and investment functions of M3 |
| Dr. Li Zhuolin (李卓霖) | Non-executive Director | Senior director at the solution partner business unit of M3 |
| | Providing professional advice and judgment to the Board | Leading development and provision of strategic digital solutions and services for pharmaceutical clients, and managing related HR activities of M3 |

Our Directors consider that the management of our Group will be able to function independently from M3, notwithstanding the fact that Ms. Zhou Xin (周欣), Mr. Eiji Tsuchiya (槌屋英二) and Dr. Li Zhuolin (李卓霖) will continue to hold positions in M3 for the following reasons:

(A) six out of nine Directors will not hold any position in the M3 Group upon Listing. Accordingly, a vast majority of the members of our Board are independent from M3, and Ms. Zhou Xin (周欣), Mr. Eiji Tsuchiya (槌屋英二) and Dr. Li Zhuolin (李卓霖), being the Directors who will also continue to hold positions in M3, do not have an absolute majority to pass any resolution of our Board;

(B) Mr. Eiji Tsuchiya (槌屋英二) and Dr. Li Zhuolin (李卓霖) are non-executive Directors and do not participate in the daily management and operations of our Group;

(C) save for Ms. Zhou Xin (周欣), there is no overlapping senior management personnel between our Group and the M3 Group. Our senior management is independent from the employment by and operations of the M3 Group;

(D) three out of nine Directors, that is one-third of our Board, are independent non-executive Directors, and there is no overlapping independent non-executive directors between our Company and M3. All three independent non-executive Directors are independently appointed to our Board and do not have obligations in the M3 Group. None of our independent non-executive Directors has any position or role in the M3 Group, and none of the criteria affecting independence under Rule 3.13 of the Listing Rules applies to them. The independent non-executive Directors either have appropriate academic qualifications or extensive experience in their respective specialty areas, or are appointed for the diversity in skills and background that they may add to our Board. Our independent non-executive Directors will be expected to bring impartial and independent judgment to our Board and to take the lead in matters to be discussed by our Board where potential conflict of interest between the M3 Group and our Group may arise. In addition, all members of the audit committee and the majority of the members of the nomination committee and remuneration committee of our Company are independent non-executive Directors; and

(E) our Company will have in place the following arrangements and corporate governance measures to manage any actual or potential conflict of interest, ensure independent decision making, safeguard the protective measures under the Deeds of Non-Competition and, ultimately, protect the interests of our Shareholders:

(i) Ms. Zhou Xin (周欣), Mr. Eiji Tsuchiya (槌屋英二) and Dr. Li Zhuolin (李卓霖) shall, in case of any conflict of interest, abstain from voting on the relevant resolution(s) of our Board, in accordance with and subject to the Articles of Association as well as the applicable rules and regulations under the laws of jurisdiction of our Company;

(ii) pursuant to the Articles of Association, there will be provisions to the effect that a director shall not vote (nor be counted in the quorum) on a resolution of our Board approving any contract or arrangement in which he or any of his associates is materially interested; and

(iii) our independent non-executive Directors will be reviewing the compliance of our Controlling Shareholders with the Deeds of Non-Competition on an annual basis.

Our Directors believe that the presence of directors from different backgrounds provides a balance of views and opinions and, having taking into account the above factors, our Company is satisfied that our Directors will be able to perform their roles in our Group independently and that our Group is capable of managing its business independently from the M3 Group upon Listing.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team is able to perform the managerial role in our Group independently.

**Operational independence**

Our Directors believe that our Group will be able to operate independently from our Controlling Shareholders for the following reasons:

(A) although our Controlling Shareholders will retain a controlling interest in our Company after the Listing, our Board has full rights to make all decisions on, and to carry out, its own business operations independently;

(B) our Company (through its subsidiaries or pursuant to the Contractual Arrangements) holds all material licences necessary to carry on its businesses and has sufficient capital, equipment and employees to operate its business independently from our Controlling Shareholders;

(C) our Group has an independent work force to carry out its operations independently from our Controlling Shareholders. We have established our own operational and organizational structure with dedicated departments and management personnel to run daily operations. We have our own employees equipped with the relevant skills to run the ordinary course of our business and a management team which possesses the requisite experience and expertise in running our online professional physician platform; and

(D) although Ms. Tian Liping, one of our Controlling Shareholders, will retain a controlling equity interest of our Consolidated Affiliated Entity, Yimaihutong, pursuant to the Contractual Arrangements, our Directors are authorized to exercise all of the rights of shareholders of Yimaihutong and we have the right to enjoy all the economic benefits of Yimaihutong and to exercise management control over the operations of the Consolidated Affiliated Entities. Pursuant to the Exclusive Option Agreement, (i) each of the Registered Shareholders irrevocably and unconditionally grants an exclusive option to Jinye Tiancheng which entitles Jinye Tiancheng to elect to purchase at any time, itself or through its designated person(s), when permitted by the then applicable PRC laws, (a) all or any part of the equity interest in Yimaihutong, and (b) the Registered Shareholders' present and future rights, interests, income, claims, current or future receivables and compensations related to their equity interest in Yimaihutong and dividends and other payments distributed from Yimaihutong to the Registered Shareholders from time to time and (ii) Yimaihutong irrevocably and unconditionally grants an exclusive option to Jinye Tiancheng which entitles Jinye Tiancheng to elect to purchase at any time, itself or through its designated person(s), when permitted by the then applicable PRC laws, all or part of the assets of Yimaihutong. Our Directors consider that through the Contractual Arrangements, our Group has obtained financial and operational control of the Consolidated Affiliated Entities through Jinye Tiancheng and that the Contractual Arrangements are sufficient to ensure that the financial results of the Consolidated Affiliated Entities can be consolidated as subsidiaries of our Company.

Save as those disclosed in the section headed "Continuing Connected Transactions" in this prospectus, our Directors currently do not expect that, following the Listing, there will be other non-exempt connected transactions between our Company and our Controlling Shareholders or their respective associates. Our Company confirms that we will fully comply with Chapter 14A of the Listing Rules if any other connected transaction arises in the future.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders and their respective close associates during the Track Record Period and will continue to operate independently.

**Financial Independence**

During the Track Record Period and up to the Latest Practicable Date, our Group has our own internal control, accounting and financial management system, accounting and finance department, independent treasury functions for cash receipts and payments and we make financial decisions according to our own business needs.

Our Company and Tiantian entered into a shareholders loan agreement on March 1, 2021 pursuant to which Tiantian provided an interest free loan in the amount of US$1.0 million (the "**Loan**") to the Company, which is non-trade in nature and becomes due and payable upon our Listing. We used the loan proceeds to pay for certain of our listing expenses payable to our professional service providers located outside of the PRC. As we do not maintain cash outside of the PRC, we paid such expenses with the Loan to shorten the payment processing time. We plan to allocate HK$7.8 million from the gross proceeds to repay and settle the Loan immediately after Listing.

Our Group does not rely on our Controlling Shareholders and/or their close associates by virtue of their provision of financial assistance. During the Track Record Period and up to the Latest Practicable Date, our Group does not have any long-term loan or other type of long-term financing and no loans or guarantees have been provided by, or granted to, our Controlling Shareholders or their respective close associates which will remain outstanding after Listing. Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

Based on the above, our Directors believe that we have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective and are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

## CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group our Controlling Shareholders:

(A) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of his/her/its associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(B) our Company has established internal control mechanisms to identify connected transactions. Upon Listing, if our Company enters into connected transactions with a Controlling Shareholder or any of his/her/its associates, the Company will comply with the applicable Listing Rules;

(C) our Board include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors who possess sufficient experience and are free from 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. Details of our independent non-executive Directors are set out in the section headed "Directors and Senior Management — Directors — Independent non-executive Directors" in this prospectus;

(D) our independent non-executive Directors will review, on an annual basis, to ensure compliance with the Deeds of Non-Competition by our Controlling Shareholders;

(E) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deeds of Non-Competition (if any) in the annual reports of our Company;

(F) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(G) we have appointed Somerley Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

In addition, our Group will also adopt relevant measures to ensure the sound and effective operation of our Group (including the Consolidated Affiliated Entities) and the implementation of the Contractual Arrangements upon Listing. For details, please see the section headed "Contractual Arrangements — Compliance with the Contractual Arrangements".

Upon Listing, transactions between us and our connected persons will constitute our connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

## OUR CONNECTED PERSONS

### Connected persons

We have entered into certain transactions with the following connected persons, which will constitute our connected transactions or continuing connected transactions upon Listing:

| Connected relationship | Name |
|---|---|
| Director and Controlling Shareholder | Ms. Tian Liping |
| Director | Dr. Li Zhuolin (李卓霖) |
| Controlling Shareholder | M3 |
| Associate of each of Ms. Tian Liping and Dr. Li Zhuolin (李卓霖) | Yimaihutong |

## SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

### Contractual Arrangements

| Continuing connected transactions | Applicable Listing Rules | Waiver sought | Proposed annual cap for the year ending December 31, *(RMB million)* |
|---|---|---|---|
| **Non-exempt continuing connected transactions** | | | |
| 1. Contractual Arrangements | Rule 14A.35<br>Rule 14A.36<br>Rule 14A.49<br>Rule 14A.52<br>Rule 14A.53<br>Rule 14A.71<br>Rule 14A.105 | Announcement, circular, independent shareholders' approval, annual cap and limiting term to three years | N/A |

**Continuing Connected Transactions with M3**

| Continuing connected transactions | Applicable Listing Rules | Waiver sought | Proposed annual cap for the year ending December 31, *(RMB million)* |
|---|---|---|---|
| **Partially exempt continuing connected transactions** | | | |
| 2. Amended and Restated License Agreement | Rule 14A.35<br>Rule 14A.49<br>Rule 14A.71<br>Rule 14A.105 | Announcement | |
| *License and service fees payable by our Group* . . . . . | | | 2021: 2.00<br>2022: 2.60<br>2023: 3.38 |
| 3. Precision Marketing and Corporate Solutions Services Framework Agreement | Rule 14A.35<br>Rule 14A.49<br>Rule 14A.71<br>Rule 14A.105 | Announcement | |
| *Service fees payable by M3 and/or its associates* . . . . . | | | 2021: 4.80<br>2022: 3.12 |

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

### *(1) Contractual Arrangements*

*Background*

As disclosed in the section headed "Contractual Arrangements" in this prospectus, due to regulatory restrictions on foreign ownership and other legal restrictions in the PRC, we conduct certain of our business through our Consolidated Affiliated Entities, namely Yimaihutong and its subsidiary, Yinchuan Yimaitong, in the PRC. We do not hold any equity interests in the Consolidated Affiliated Entities. Yimaihutong is held by Ms. Tian Liping as to 50% and Dr. Li Zhuolin (李卓霖) as to 50%, and Yinchuan Yimaitong is wholly-owned by Yimaihutong. The Contractual Arrangements among Jinye Tiancheng, Yimaihutong and the Registered Shareholders

enable us to (i) receive substantially all of the economic benefits of the Consolidated Affiliated Entities in consideration for the services provided by Jinye Tiancheng; (ii) exercise effective control over the Consolidated Affiliated Entities; and (iii) hold an exclusive option to purchase all or part of the equity interests and assets of Yimaihutong, including the equity interests and assets of Yinchuan Yimaitong, when and to the extent permitted by PRC laws.

See the section headed "Contractual Arrangements" in this prospectus for detailed terms of the Contractual Agreement.

*Listing Rules implications*

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon Listing as certain parties to the Contractual Arrangements, namely Ms. Tian Liping, Dr. Li Zhuolin (李卓霖) and Yimaihutong, are connected persons of our Company. Ms. Tian Liping is our Chairwoman, Chief Executive Officer, an executive Director and one of our Controlling Shareholders, while Dr. Li Zhuolin (李卓霖) is a non-executive Director. Yimaihutong is held by Ms. Tian Liping as to 50% and Dr. Li Zhuolin (李卓霖) as to 50%, and accordingly is an associate of each of Ms. Tian Liping and Dr. Li Zhuolin (李卓霖), and therefore a connected person of the Company.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group's legal structure and business, that such transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by any of the Consolidated Affiliated Entities and any member of our Group ("**New Intergroup Agreements**" and each of them, a "**New Intergroup Agreement**") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

## PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

### *(2) Amended and Restated License Agreement*

*Principal terms*

On November 6, 2013, to establish our strategic partnership with M3, Yimaihutong, a Consolidated Affiliated Entity, entered into a license agreement with M3 ("**License Agreement**"), pursuant to which we obtained a license of certain know-how related to MR-kun (as further described below). In connection with the Listing and to ensure compliance with the Listing Rules, our Company, Yimaihutong and M3 entered into an amended and restated license agreement ("**Amended and Restated License Agreement**") on March 29, 2021.

MR-kun is a physician portal launched by M3 in 2000, and is a marketing tool used by pharmaceutical companies to provide delivery of information on products and diseases. M3 only licenses its know-how related to MR-kun to companies in which M3 has an equity interest and our eMR (e信使) service is modelled after MR-kun. Under the Amended and Restated License Agreement:

(i) M3 granted to our Company a non-transferable, exclusive license during the term of the Amended and Restated License Agreement to ourselves or through any of our member of our Group (a) use and integrate know-how concerning MR-kun and (b) provide services relating to MR-kun ("**MR-kun Services**") within the mainland of the PRC (the "**Territory**");

(ii) M3 will provide our Company with continuous assistance, update and know-how related to MR-kun including (a) MR-kun marketing support through the provision of information on track records of M3 business in Japan, return on investment case studies, presentation materials, introductions and contacts (from Japan and the U.S.) and (b) provide support and assistance in respect of e-detailing to the extent related to the MR-kun Services;

(iii) M3 will neither on its own nor through third parties, build up or operate any medical, pharmaceutical, biotechnology, healthcare, nursing and/or allied or comparable Internet platform directly or indirectly related to MR-kun or any competitive services in the Territory, nor will it grant any third party the right to do so, nor will it do any other business directly or indirectly related to MR-kun in the Territory during the term of the Amended and Restated License Agreement.

The Amended and Restated License Agreement became effective on signing and is valid until December 31, 2023, and is renewable upon expiry for further terms of three years by the parties entering into a renewal agreement no less than one month prior to the expiry. Any such renewal shall be subject to compliance with the applicable requirements under the Listing Rules.

While the Amended and Restated License Agreement will not be automatically renewed, in practice, given that we and M3 are strategic partners for each other, we do not expect M3 to terminate the Amended and Restated License Agreement barring extraordinary or unforeseeable circumstances. The Gross Revenue generated from our clients for the use or purchase of MR-kun Services remained stable for the three years ended December 31, 2020 and was approximately RMB8.8 million, RMB9.9 million and RMB9.1 million, respectively, representing approximately 10.5%, 8.1% and 4.3% of our total revenue for the three years ended December 31, 2020, respectively. The slight decrease in the gross revenue generated from our clients for the use or purchase of MR-kun Services for the year ended December 31, 2020 compared to the year ended December 31, 2019 is attributable to the fact that as a result of COVID-19, certain clients have opted to utilize their digital marketing budget in 2020 for alternate types of digital marketing of our precision marketing solutions such as webinar and news feed, which carry shorter lead-times compared to MR-kun Services. Only the provision of precision digital detailing solution under the eMR (e信使) brand is considered to be services relating to MR-kun, or MR-kun Services. Digital marketing consulting and digital content creation services do not form part of the MR-kun Services. As such revenue amounts represent only a non-substantial percentage of our Group's total revenue during the Track Record Period, our Directors are of the view that there will be no material adverse impact on our Group's business operations if the Amended and Restated License Agreement is not renewed upon expiry.

*Pricing policies and payment term*

In consideration of the license granted and support and assistance provided pursuant to the Amended and Restated License Agreement, in respect of the MR-kun Services, our Company shall pay M3 a license and service fee which equals to ten percent (10%) of the Gross Revenue generated from clients of our Group that purchase or use the MR-kun Services ("**Clients**").

"Gross Revenue" shall mean the total revenue our Group receives from Clients in any way directly or indirectly related to the MR-kun Services, excluding content production fee and operation fee, and excluding any discounts granted to Clients, unless otherwise agreed by the parties from time to time in writing. "Content production fee" shall mean the fee payable by the Clients to our Group in consideration of its digital contents development service for the relevant promotion campaign, and "operation fee" shall mean the fee payable by the Clients to our Group in consideration of its service for operating MR-kun portal directly for the Clients' project.

The license and service fees payable to M3 were determined on the basis of arm's length negotiations between the parties which are the same as the rates M3 charged its subsidiaries and the companies in which M3 has an equity interest for license and services and are in the best interests of our Company and our Shareholders as a whole. In particular, it is customary for license fee payable for know-how and/or other intellectual property rights to be determined with reference to the revenue generated using such know-how or intellectual property right. In determining the license and service fees, we have also taken into account (i) the exclusive nature of the arrangement, namely the license granted to us by M3 which allows us to provide MR-Kun Services on an exclusive basis within mainland China and (ii) as at the Latest Practicable Date, M3 only licenses its know-how related to MR-kun to companies in which M3 has an equity interest and the license fee charged by M3 to such companies (namely three subsidiaries in each of U.S., Korea and India and one company in which M3 has an equity interest in Russia) is at the rate of 10% of the gross revenue generated using the same MR-kun know-how.

Our Company shall pay to M3 the license and service fees that accrues during each calendar quarter commencing each January 1, April 1, July 1 and October 1, within thirty (30) calendar days after the end of the relevant calendar quarter.

*Reasons for the transactions*

As we continue to invest and upgrade our MR-kun Services, our Directors consider that the provision of license and services relating to MR-kun from M3 to our Group would benefit our Group, and the continuous update of insights by, and knowledge transfer from, M3 enable us to combine our local expertise and international best practices of M3 to improve the cost efficiency of our platform and thereby achieve sustainable and long-term profitability and operation synergies.

*Historical amounts*

The transaction amounts for the license and service provided by M3 under the License Agreement for each of the three years ended December 31, 2020 were approximately RMB0.88 million, RMB0.99 million and RMB0.91 million, respectively.

*Annual caps*

The license and service fees to be paid by us under the Amended and Restated License Agreement for the three years ending December 31, 2023 shall not exceed the proposed annual caps as set out in the table below:

| | Proposed annual caps for the year ending December 31, | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | | *(RMB million)* | |
| License and service fees payable by us . . . | 2.00 | 2.60 | 3.38 |

*Basis of caps*

The above proposed annual caps for the license and service fees payable by us under the Amended and Restated License Agreement are determined with reference to the following factors:

- the historical transaction amounts for the license and service provided by M3 under the License Agreement and the historic level of demand of the MR-kun Services;

- the Company expects the transaction amount for the year ended December 31, 2021 to increase compared to the year ended December 31, 2020 based on the fact that (i) there is a 101% increase in revenue from MR-kun Services for the three months ended March 31, 2021 compared to the three months ended March 31, 2020 and our Company expects similar growth of revenue from MR-kun Services for the remainder of 2021 and (ii) increased promotion from our Company for the use of MR-kun Services;

- the growth trend of our revenue for the three years ended December 31, 2020 and the expected projected growth of our business and our user base which leads to a corresponding increase in demand from Clients to purchase and use MR-kun Services. In particular, our revenue increased by 45.7% from 2018 to 2019 and by 75.6% from 2019 to 2020; and

- the expected 30% increase in demand for MR-kun Services for the years ending December 31, 2022 and December 31, 2023 due to (i) the expected growth of our revenue from precision marketing solutions, with the rapid development of our overall business and (ii) a higher recognition of our precision marketing solutions in the PRC market after our Listing, leading to an expected increase in demand for the use and purchase of MR-kun Services.

*Listing Rules implications*

In respect of the transactions under the Amended and Restated License Agreement, as the applicable percentage ratio in respect of the highest annual cap for the three years ending December 31, 2023 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1%, but less than 5% on an annual basis, such transactions will, upon Listing, constitute

continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

***(3) Precision Marketing and Corporate Solutions Services Framework Agreement***

*Principal terms*

Our Company provides digital market research services and digital content creation and digital detailing services to M3 and/or its associates in the ordinary and usual course of business. Our Company has entered into a framework agreement with M3 on June 18, 2021 ("**Precision Marketing and Corporate Solutions Services Framework Agreement**") to regulate our transactions with M3.

Digital market research services entail the provision of customized digital surveys targeted to a group of physicians selected on the basis of specialty, years in practice, practice setting and geography as requested by M3 and/or its associates. Digital content creation and digital detailing services entail the development of tailored sponsored information relating to prescription drugs and/or medical devices, in both text and multimedia formats, and delivery of such sponsored information to specific groups of physicians based on factors specified by M3 and/or its associates (such as specialties and locations) through multiple channels on the Group's platform.

Certain service agreements with M3 and/or its associates are assimilated to the Precision Marketing and Corporate Solutions Services Framework Agreement as an implementation agreement thereunder. It is envisaged that from time to time, and as required, we may enter into implementation agreements to specify the service required by M3 and/or its associates for a particular instruction or order. Each implementation agreement will set out the details of the relevant service or product to be provided, including the precise scope of service or product specification and service fees calculation, in accordance with the principles set out in the Precision Marketing and Corporate Solutions Services Framework Agreement.

The Precision Marketing and Corporate Solutions Services Framework Agreement will become effective on the Listing Date and is valid for one year, and is renewable upon expiry for further terms of one (1) year by the parties entering into a renewal agreement no less than one month prior to the expiry. Any such renewal shall be subject to the applicable requirements under the Listing Rules.

*Pricing policies and payment term*

As a general principle, the service fee shall be determined on normal commercial terms, negotiated on arm's length basis, on similar basis as our Group conducts businesses with other independent third parties and shall be at rates no less favorable than rates at which we and/or our subsidiaries charge independent third parties for similar services. We will annually review the service fee charged to M3 with reference to similar transactions we entered into with other independent third parties which obtained comparable service.

More particularly, the service fee will be determined with reference to the fees we charge independent third parties for comparable services. In particular,

(i) in the case of digital market research services, target physicians are categorized in accordance with their specialties, years in practice, practice setting and geographical location and different rates are assigned to the different categories of target physicians. The rates applicable to M3 under the Precision Marketing and Corporate Solutions Services Framework Agreement are the same as the rates we charge to independent third parties for similar services. We then (a) estimate the time to be incurred by the target physicians to complete such surveys and applied the applicable rates, and (b) estimate the time to be incurred by our Company and/or our subsidiaries to customize the electronic surveys and to match such surveys to target physicians, in order to determine the basic fee. We will add to such basic fee the prices for any optional services such as development of questionnaire, programming, development of reports where applicable and negotiate and adjust the final fee to reflect clients' specific needs on a case by case basis; and

(ii) in the case of digital content creation and digital detailing services, (a) the content creation fee is determined with reference to the type of sponsored information to be developed and the estimated time to be incurred by us for such development. There is no fixed rate for content creation as the levels of complexity vary in each assignment. We determine the fee with reference to the fee we charge independent third parties for similar services; and (b) the digital detailing services fee is determined with reference to the method of and the channels in which the sponsored information is to be delivered, the number of target physicians to whom such sponsored information will be delivered and we charge on a cost-per-click basis plus a fee to reflect the estimated time that we will incur to manage the marketing campaign. The cost-per-click charge applicable to M3 under the Precision Marketing and Corporate Solutions Services Framework Agreement is the same as what we charge to independent third parties for similar

services. To the extent that optional services such as development of special systems and reports are required, we will charge additional fee to reflect such additional services and negotiate and adjust our final fee to reflect clients' specific needs on a case by case basis.

*Reasons for the transactions*

Our Company provides digital market research services and digital content creation and digital detailing services to our customers in the ordinary and usual course of business. Certain customers of M3 Group which have global budgets to obtain services from M3 Group may require digital market research services and digital content creation and digital detailing services in the PRC. In such cases, M3 Group obtains our digital market research services and digital content creation and digital detailing services on behalf of its customers. Such arrangement is mutually beneficial to M3 Group and our Group. With a single point of contact for the customers of M3 Group, it increases customer satisfaction with service offerings, while at the same time provides our Group with an additional opportunity to broaden our income source.

***Historical transaction amounts***

The transaction amounts for digital market research services and digital content creation and digital detailing services provided by us to M3 and/or its associates for each of the three years ended December 31, 2020 were approximately RMB2.91 million, RMB3.84 million and RMB3.69 million, respectively.

***Annual caps***

The service fees payable by M3 and/or its associates under the Precision Marketing and Corporate Solutions Services Framework Agreement for the two years ending December 31, 2022 shall not exceed the proposed annual caps as set out in the table below:

| | **Proposed annual caps for the year ending December 31,** | |
|---|---|---|
| | **2021** | **2022** |
| | *(RMB million)* | |
| Service fees payable by M3 and/or its associates . . . . . | 4.80 | 3.12 |

***Basis of caps***

The above proposed annual caps for the service fees payable by M3 and/or its associates under the Precision Marketing and Corporate Solutions Services Framework Agreement are determined with reference to the following factors:

- the historical transaction amounts for digital market research services and digital content creation and digital detailing services provided by us to M3 and/or its associates;

- the expected service fees to be paid by M3 and/or its associates for digital content creation and digital detailing services contracted in 2020 but expected to complete during the year ending December 31, 2021 of approximately RMB0.74 million;

- the growth trend of our revenue for the three years ended December 31, 2020. In particular, our revenue increased by 45.7% from 2018 to 2019 and by 75.6% from 2019 to 2020;

- the expected 30% increase in demand for digital market research services and digital content creation and digital detailing services due to (i) the expected increase in demand for digital market research services and digital content creation and digital detailing services from M3's clients in Europe as a result of the recovery of its economy and (ii) the expected increase in demand from overseas clients and increase in demand for qualitative research from M3 and/or its associates (which commands a higher fee compared to quantitative research) as a result of higher recognition of our digital market research services in the PRC market after our Listing; and

- a lower proposed cap for the year ending December 31, 2022, taking into account the fact that the term of the Precision Marketing and Corporate Solutions Services Framework Agreement is one year from the Listing Date and is expected to expire on July 15, 2022.

***Listing Rules implications***

In respect of the transactions under the Precision Marketing and Corporate Solutions Services Framework Agreement, as the applicable percentage ratio in respect of the highest annual cap for the two years ending December 31, 2022 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1%, but less than 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

## WAIVERS GRANTED BY THE STOCK EXCHANGE

### Application of waiver in respect of the Contractual Arrangements

In respect of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange, subject, however, to the following conditions:

***(a) No change without independent non-executive Directors' approval***

No change to the Contractual Arrangements (including with respect to any fees payable to the Jinye Tiancheng thereunder) will be made without the approval of our independent non-executive Directors.

***(b) No change without independent Shareholders' approval***

Save as described in paragraph (d) below, no change to the agreements governing the Contractual Arrangements will be made without the independent Shareholders' approval. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will, however, continue to be applicable.

***(c) Economic benefits flexibility***

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities through (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in the Consolidated Affiliated Entities for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the profit generated by the Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to Jinye

Tiancheng by the Consolidated Affiliated Entities under the Exclusive Operation Services Agreement, and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the Consolidated Affiliated Entities.

***(d) Renewal and reproduction***

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and the Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced (i) in connection with any changes to the shareholders or directors of, or of their shareholdings in, the Consolidated Affiliated Entities, or (ii) in relation to any existing, new or acquired wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish or acquire when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing, new or acquired wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish or acquire will, upon renewal and/or reproduction of the Contractual Arrangements, however, be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

***(e) Ongoing reporting and approvals***

We will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- The Contractual Arrangements in place during each financial reporting period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.

- Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by Yimaihutong to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our

Group and Yimaihutong during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of our Company and our Shareholders as a whole.

- Our Company's auditor will carry out review procedures annually on the transactions, pursuant to the Contractual Arrangements, and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements, and that no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of their equity interests which are not otherwise subsequently assigned or transferred to our Group.

- For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Consolidated Affiliated Entities will be treated as our Company's subsidiaries, and at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and their respective associates will be treated as connected persons of our Company (excluding, for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including, for this purpose, the Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

- The Consolidated Affiliated Entities will undertake that, for so long as the Shares are listed on the Stock Exchange, the Consolidated Affiliated Entities will provide our Group's management and our Company's auditor full access to their relevant records for the purpose of our Company's auditor's review of the connected transactions.

In addition, we have also applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated in any New Intergroup Agreements (as defined above), (ii) the requirement of setting an annual cap for the fees payable by/to any member of our Group to/from the Consolidated Affiliated Entities in any New Intergroup Agreements, and (iii) the requirement to limit the term of any New Intergroup Agreement to three years or less, for so long as Shares are listed on the Stock Exchange. The waiver is subject to the condition that the Contractual Arrangements subsist and that the Consolidated Affiliated Entities will continue to be treated as our Company's subsidiaries, but their directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and their associates will be treated as connected persons of our Company (excluding, for this purpose, our Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including, for this

purpose, our Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules. We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to these continuing connected transactions.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements within a reasonable time.

**Application of waiver in respect of the Amended and Restated License Agreement and the Precision Marketing and Corporate Solutions Services Framework Agreement**

In relation to the Amended and Restated License Agreement and the Precision Marketing and Corporate Solutions Services Framework Agreement, since the highest applicable percentage ratio is expected to be 0.1% or more but less than 5%, the transactions contemplated thereunder are exempt from the circular (including the opinion and recommendation from an independent financial adviser) and the independent shareholders' approval requirements, but are subject to the announcement requirements under Rule 14A.35 of the Listing Rules and the annual reporting requirements under Rules 14A.49 and 14A.71 of the Listing Rules.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of these transactions, provided that, in respect of the Amended and Restated License Agreement, the aggregate transaction amounts for each of the three years ending December 31, 2023, and in respect of the Precision Marketing and Corporate Solutions Services Framework Agreement, the aggregate transaction amounts for each of the two years ending December 31, 2022, will not exceed the relevant proposed annual caps above. Apart from the announcement requirement for which waiver has been sought, our Company will comply with relevant requirements under Chapter 14A of the Listing Rules with respect to the Amended and Restated License Agreement and the Precision Marketing and Corporate Solutions Services Framework Agreement.

## CORPORATE GOVERNANCE MEASURES

In order to ensure that the terms under relevant agreements for the continuing connected transaction are fair and reasonable, and no less favorable to us than terms available to or from independent third parties, and the connected transactions are carried out under normal commercial terms or better, we will adopt the following internal control procedures upon the Listing:

- our Board and various internal departments of our Company will be jointly responsible for evaluating the terms under relevant agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps;

- our Board and various internal departments of our Company will regularly monitor the fulfillment status and the transaction updates under the relevant agreements. In addition, the management of our Company will also regularly review the pricing policies of the relevant agreements; and

- our independent non-executive Directors and reporting accountants will conduct annual review of the continuing connected transactions under the agreements and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms or better and in accordance with the pricing policy.

## CONFIRMATION BY DIRECTORS

Our Directors (including independent non-executive Directors) are of the view that:

(a) the continuing connected transactions described above for which waivers are sought have been and will be entered into in the ordinary and usual course of business of the Company, on normal commercial terms or better, are fair and reasonable and in the interests of the Company and the Shareholders as a whole;

(b) the proposed annual caps for such continuing connected transactions under each of the Amended and Restated License Agreement and the Precision Marketing and Corporate Solutions Services Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and

(c) it is justifiable and normal business practice for the Contractual Arrangements and the continuing connected transactions contemplated thereunder to be of a duration longer than three years.

## CONFIRMATION FROM THE JOINT SPONSORS

Based on the relevant documentation and information provided by the Company, the representations and confirmations provided by the Company and the Directors to the Joint Sponsors, and the Joint Sponsors' participation in the due diligence and discussions with the management of the Company and the PRC Legal Adviser, the Joint Sponsors are of the view that the Contractual Arrangements are fundamental to the Group's legal structure and a part of its business operations.

Based on the documentation, information and data (including historical transaction amounts) provided by the Company, the representations and confirmations provided by the Company and the Directors to the Joint Sponsors, and participation in due diligence and discussions, the Joint Sponsors are of the view that:

(a) the continuing connected transactions described above for which waivers are sought have been and will be entered into in the ordinary and usual course of business of the Company, on normal commercial terms or better, are fair and reasonable and in the interests of the Company and the Shareholders as a whole;

(b) the proposed annual caps for such continuing connected transactions under each of the Amended and Restated License Agreement and the Precision Marketing and Corporate Solutions Services Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and

(c) it is justifiable and normal business practice for the Contractual Arrangements and the continuing connected transactions contemplated thereunder to be of a duration longer than three years.

Upon Listing, our Board will consist of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. The functions and duties of our Board include, among other things, convening general meetings, implementing the resolutions passed at the general meetings, determining our business and investment plans, formulating our annual financial budget and financial statements, and formulating our proposals for dividend distributions as well as exercising other powers, functions and duties as conferred by our Articles of Association.

Our senior management is responsible for the day-to-day management and operation of our business.

The following table sets forth certain information in respect of our Directors and senior management:

| Name | Age | Existing position(s) in our Company | Date of Joining the Group | Date of Appointment as a Director | Roles and Responsibilities | Relationship with Other Directors or Senior Management Members |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| Tian Liping (田立平) . . . . | 54 | Chairwoman, Chief Executive Officer and executive Director | June 1996 | April 8, 2013 | Formulating and implementing the overall development strategies and business plans of our Group and overseeing the overall development and operations of our Group | Sister of Tian Lixin (田立新) and Tian Lijun (田立軍) |
| Tian Lixin (田立新) . . . . | 52 | President, the head of Medical Information Science Research Unit and executive Director | June 1996 | December 15, 2013 | Overseeing and managing the operations of our Group | Brother of Tian Liping (田立平) and Tian Lijun (田立軍) |
| Tian Lijun (田立軍) . . . . | 47 | Executive Director, vice president and deputy head of Medical Information Science Research Unit | June 1996 | December 15, 2013 | Overseeing and managing the research, development and innovation of the products and technologies of our Group | Brother of Tian Liping (田立平) and Tian Lixin (田立新) |
| Zhou Xin (周欣) . . . . . | 41 | Executive Director and vice president | January 2016 | July 12, 2018 | Overseeing and managing the digital marketing operations of our Group and responsible for multichannel business development of healthcare marketing and innovation and implementation of solutions | None |

| Name | Age | Existing position(s) in our Company | Date of Joining the Group | Date of Appointment as a Director | Roles and Responsibilities | Relationship with Other Directors or Senior Management Members |
|---|---|---|---|---|---|---|
| Eiji Tsuchiya (槌屋英二) . . . | 56 | Non-executive Director | December 2013 | December 15, 2013 | Providing professional advice and judgment to the Board | None |
| Li Zhuolin (李卓霖) . . . . | 38 | Non-executive Director | March 2021 | March 4, 2021 | Providing professional advice and judgment to the Board | None |
| Richard Yeh (葉霖) . . . . . | 53 | Independent non-executive Director | Appointment to take effect from the Listing Date | Appointed on June 18, 2021 | Providing independent advice to our Board | None |
| Ma Jun (馬軍) . . . . . | 66 | Independent non-executive Director | Appointment to take effect from the Listing Date | Appointed on June 18, 2021 | Providing independent advice to our Board | None |
| Wang Shan (王珊) . . . . . | 47 | Independent non-executive Director | Appointment to take effect from the Listing Date | Appointed on June 18, 2021 | Providing independent advice to our Board | None |

| Name | Age | Existing position(s) in our Company | Date of Joining the Group | Date of Appointment as a Senior Management Member | Roles and Responsibilities | Relationship with Other Directors or Senior Management Members |
|---|---|---|---|---|---|---|
| **Senior Management** | | | | | | |
| Xin Jiangtao (辛江濤) . . . . | 44 | Vice president | January 2004 | August 2013 | Overseeing the research and development and innovation of our products and services | None |
| Yang Liancheng (楊連成) . . . . | 42 | Vice president | September 2016 | September 2016 | Executing overall development strategies and business plans of our Group and implementing the marketing strategy of our Group | None |
| Jiang Nan (姜男) . | 33 | Medical director, the chief editor of our content team and a deputy head of Medical Information Science Research Unit | September 2013 | August 2016 | Overseeing the professionalism of our medical content and medical team management | None |
| Liu Juan (劉娟) . . . . . | 37 | Assistant to Chairwoman, and the chief client officer | October 2010 | July 2016 | Assisting the Chairwoman in managing operation and sales team management and client management | None |

## DIRECTORS

### Executive Directors

**Ms. Tian Liping (田立平)**, aged 54, is the Chairwoman, the Chief Executive Officer and an executive Director of our Company. Ms. Tian is primarily responsible for formulating and implementing the overall development strategies and business plans of our Group and overseeing the overall development and operations of our Group. Ms. Tian founded the Group in June 1996 and has been our Director since April 2013. She has been the executive director and chief executive officer of Jinye Tiancheng since August 2013 and is currently a director of each of the other subsidiaries of the Company. Ms. Tian has over 18 years of experience in the medical information technology industry. Prior to founding our Group, from 1988 to 2003, Ms. Tian successively worked at Institute of Software, Chinese Academy of Sciences (中國科學院軟件研究所) and as a system engineer at Technocraft Co., Ltd. Tokyo Japan (株式會社テクノクラフト) ("**Technocraft Japan**"). While working at Technocraft Japan, Ms. Tian founded our Group with Mr. Tian Lixin.

Ms. Tian received her bachelor's degree with a major in computer software from Beijing Institute of Technology (北京理工大學) in the PRC in July 1988 and obtained her EMBA degree from China Europe International Business School (中歐國際工商學院) in the PRC in November 2017.

Ms. Tian had been a shareholder and a supervisor of Tekeneng Software Technology, the business license of which was revoked on October 20, 2003 due to its failure to submit deregistration filings within the time limit as required under the relevant PRC laws and regulations as a result of the impact of the SARS pandemic after its cessation of business operation. As confirmed by Ms. Tian, (i) she had been a shareholder and a supervisor of Tekeneng Software Technology at the relevant time when the business license of Tekeneng Software Technology was revoked; (ii) there was no wrongful act on her part leading to the revocation of business license of Tekeneng Software Technology; (iii) Tekeneng Software Technology was solvent prior to its revocation; (iv) she did not incur any debt and/or liabilities because of such revocation of business license and she is not aware of any actual or potential claim which has been or will be made against her as a result of such revocation of business license; and (v) the revocation of business license of Tekeneng Software Technology did not have any negative effect on the Company.

**Mr. Tian Lixin (田立新)**, aged 52, is the President, the head of our Medical Information Science Research Unit and an executive Director of our Company. Mr. Tian is primarily responsible for overseeing and managing the operations of our Group. Mr. Tian founded the Group in June 1996 and has been our Director since December 2013. He has been the president of Jinye Tiancheng since August 2013. Mr. Tian has over 24 years of experience in the medical information technology and software development industry. Mr. Tian was an independent director of Vanfund Urban Investment & Development Co., Ltd. (萬方城鎮投資發展股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 000638) from December 2016 to May 2019. Prior to founding our Group with Ms. Tian Liping, Mr. Tian worked at the Research Institute of Beijing 701 Factory (北京七〇一廠研究所) as the institute director from 1992 to 1996.

Mr. Tian received his bachelor's degree with a major in engineering physics from Tsinghua University (清華大學) in the PRC in July 1992.

Mr. Tian had been a shareholder, a director, the general manager and the legal representative of Tekeneng Software Technology, the business license of which was revoked on October 20, 2003 due to its failure to submit deregistration filings within the time limit as required under the relevant PRC laws and regulations as a result of the impact of the SARS pandemic after its cessation of business operation. As confirmed by Mr. Tian, (i) he had been a shareholder, a director, the general manager and the legal representative of Tekeneng Software Technology at the relevant time when the business license of Tekeneng Software Technology was revoked; (ii) there was no wrongful act on his part leading to the revocation of business license of Tekeneng Software Technology; (iii) Tekeneng Software Technology was solvent prior to its revocation; (iv) he did not incur any debt and/or liabilities because of such revocation of business license and he is not aware of any actual or potential claim which has been or will be made against his as a result of such revocation of business license; and (v) the revocation of business license of Tekeneng Software Technology did not have any negative effect on the Company.

**Mr. Tian Lijun (田立軍)**, aged 47, is an executive Director of our Company, a vice president of our Group and a deputy head of our Medical Information Science Research Unit. Mr. Tian is primarily responsible for overseeing and managing the research, development and innovation of the products and technologies of our Group. Mr. Tian joined the Group in June 1996 and has been our Director since December 2013. He has been the chief technology officer of Jinye Tiancheng since August 2013. Mr. Tian has over 18 years of experience in the medical information technology industry. Mr. Tian previously worked at Technocraft Japan as a software engineer.

Mr. Tian received his bachelor's degree with a major in computer science and engineering from Beihang University (北京航空航天大學) in the PRC in July 1996.

**Ms. Zhou Xin (周欣)**, aged 40, is an executive Director of our Company and a vice president of our Group. Ms. Zhou is primarily responsible for overseeing and managing the digital marketing operations of our Group and responsible for multichannel business development of healthcare marketing and innovation and implementation of solutions. She has been our Director since July 2018. She joined our Group as a secondee from M3 in January 2016 and has served as vice president of Jinye Tiancheng since joining. Ms. Zhou has over 15 years of experience in marketing strategy and business management and over seven years of experience in the medical information technology industry. Prior to joining our Group, Ms. Zhou successively worked at Deloitte Tohmatsu Consulting LLC as a senior consultant, Ernst & Young Advisory & Consulting Co., Ltd. and Xrossface Inc. as the manager of the strategy and operation consulting department from April 2006 to September 2013. Ms. Zhou joined M3 in December 2013, where she served as the head of China business unit at corporate and business development group of M3.

Ms. Zhou received her bachelor's degree in engineering from Kyoto University in Japan in March 2004 and obtained her master's degree with a major in essential informatics from University of Tokyo in Japan in March 2006.

**Non-executive Directors**

**Mr. Eiji Tsuchiya (槌屋英二)**, aged 56, is a non-executive Director of our Company. Mr. Tsuchiya is primarily responsible for providing professional advice and judgment to the Board. He has been our Director since December 2013. Mr. Tsuchiya has over 34 years of experience in insurance and financial consulting and over 14 years of experience in the healthcare technology industry.

Mr. Tsuchiya joined M3 in August 2006 and currently is an executive director of M3. Prior to joining M3, Mr. Tsuchiya worked at Asahi Mutual Life Insurance Company from April 1987 to January 2000, where his last position was deputy manager of asset liability management development group. From February 2000 to February 2001, Mr. Tsuchiya served as a strategy consultant at Deloitte Tohmatsu Consulting LLC (previously known as ABeam Consulting Ltd.) in Japan. From September 2001 to August 2006, Mr. Tsuchiya served as a financial adviser at KPMG FAS Co., Ltd., (previously known as GMD Corporate Finance) in Japan. Mr. Tsuchiya was a non-executive director of Medical Net, Inc., a company listed on the Tokyo Stock Exchange (Stock Code: 3645.T) from November 2007 to July 2019.

Mr. Tsuchiya received his bachelor's degree in commerce from Waseda University in Japan in March 1987 and obtained his MBA degree from University of California, Irvine in the United States in June 1997.

**Dr. Li Zhuolin (李卓霖)**, aged 38, is a non-executive Director of our Company. Dr. Li is primarily responsible for providing professional advice and judgment to the Board. He has been our Director since March 2021. Dr. Li has over nine years of experience in management advisory.

Dr. Li joined M3 in January 2018 and currently is a senior director at solution partner business unit of M3. Prior to joining M3, Dr. Li worked at McKinsey & Company, Inc. from April 2011 to December 2017, where his last position was engagement manager.

Dr. Li received his bachelor's degree with a major in engineering and master's degree with a major in engineering from the University of Tokyo in Japan in March 2006 and March 2008, respectively. Dr. Li further obtained his Ph.D. in engineering with a major in technology management for innovation from the University of Tokyo in Japan in March 2011.

**Independent non-executive Directors**

**Mr. Richard Yeh (葉霖)**, aged 52, will be appointed as our independent non-executive Director with effect from Listing Date, and is responsible for providing independent advice to our Board.

Mr. Yeh has been the chief financial officer and the head of strategic operations at Abbisko Therapeutics Co., Ltd (上海和譽生物醫藥科技有限公司) since November 2020. Mr. Yeh was the chief financial officer of CStone Pharmaceuticals, a company listed on the Stock Exchange (Stock Code: 2616), from July 2018 to April 2020. Prior to joining CStone Pharmaceuticals, Mr. Yeh was a managing director and the business unit leader of Asia Pacific healthcare equity research at Goldman Sachs (Asia) L.L.C. in Hong Kong from July 2015 and July 2018. Before that, Mr. Yeh worked at Citigroup Capital Markets Asia Limited from July 2009 to June 2015 where he last served as the head of China healthcare research team. In October 1995, he joined Amgen Inc., a leading global biotechnology company traded on the NASDAQ (stock code: AMGN), as a research associate conducting drug discovery research.

Mr. Yeh obtained an MBA from Cornell University in the United States in May 2002 and a Master of Science in medical biophysics from the University of Toronto and Ontario Cancer Institute in Canada in November 1995. Mr. Yeh received a Bachelor of Science with a major in biochemistry from University of Manitoba in Canada in May 1993.

**Dr. Ma Jun (馬軍)**, aged 66, will be appointed as our independent non-executive Director with effect from Listing Date, and is responsible for providing independent advice to our Board.

Dr. Ma has been working at Harbin No.1 Hospital (哈爾濱市第一醫院) since July 1971 and has served as the director of institute of hematology and oncology of Harbin No.1 Hospital since July 1988.

Dr. Ma has been the chairman of the board of supervisors of the China Society of Clinical Oncology (中國臨床腫瘤學會) ("**CSCO**") and the chairman of anti-leukemia association of CSCO since September 2019 and May 2018, respectively. Dr. Ma was the chairman of anti-lymphoma association of CSCO from September 2013 to September 2015. From September 2013 to September 2016, Dr. Ma served as the deputy director of the hematology branch of the Chinese Medical Association (中華醫學會). From June 2011 to June 2014, Dr. Ma was the deputy chairman of hematology branch of the Chinese Medical Doctor Association (中國醫師協會) ("**CMDA**"). From December 2010 to December 2013, Dr. Ma was the deputy chairman of oncology branch of CMDA. Dr. Ma obtained the researcher qualification from Heilongjiang Human Resources Bureau (黑龍江省人事廳) (currently known as Heilongjiang Human Resources and Social Security Bureau (黑龍江省人力資源和社會保障廳)) in November 1991.

**Ms. Wang Shan (王珊)**, aged 47, will be appointed as our independent non-executive Director with effect from Listing Date, and is responsible for providing independent advice to our Board.

Ms. Wang has served various roles at Beijing Hitachi Huasun Information Systems Co., Ltd. (北京日立華勝信息系統有限公司) since July 1995 and is currently the director of the finance division of the management supervision department.

Ms. Wang received her bachelor's degree in applied mathematics from Beijing Union University (北京聯合大學) in the PRC in July 1995. She obtained the primary accountant qualification (初級會計師資格) from Ministry of Finance of the PRC in May 1999 and the medium level accountant qualification (中級會計師資格) from Beijing Human Resources and Social Security Bureau in October 2012. Ms. Wang is a PRC Certified Public Accountant, who has obtained her qualification from Chinese Institute of Certified Public Accountants in May 2001, and is also a PRC Certified Tax Agent, who has obtained her qualification from the China Certified Tax Agents Association in November 2018.

Save as disclosed above, none of our Directors holds or has held any other directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this prospectus. Please refer to the section headed "Appendix IV — Statutory and General Information" in this prospectus for further information about the Directors, including the particulars of their service contracts and remuneration, and details of the interests of the Directors in the Shares (within the meaning of Part XV of the SFO). Save as disclosed herein, there are no

other matters in respect of each of our directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there are no other material matters relating to our directors that need to be brought to the attention of our Shareholders.

## SENIOR MANAGEMENT

Our senior management team comprises our executive Directors, biographies of whom are set out in "— Directors — Executive Directors" in the section, and the following members:

**Mr. Xin Jiangtao (辛江濤)**, aged 44, is a vice president of our Group. He joined our Group in January 2004 and is responsible for the research and development and innovation of our products and services. Mr. Xin has over 17 years of medical software development experience. Mr. Xin has served as the product manager at Jinye Tianxiang and Jinye Tiansheng since January 2004 and June 2007, respectively.

Mr. Xin received his bachelor's degree with a major in computer science and engineering from Peking University (北京大學) in the PRC in June 2007.

**Mr. Yang Liancheng (楊連成)**, aged 42, is a vice president of our Group. Mr. Yang joined our Group in September 2016 and is responsible for executing overall development strategies and business plans of our Group and implementing the marketing strategy of our Group. He has over 16 years of experience in consulting and over four years of experience in the medical information technology industry. Prior to joining our Group, Mr. Yang worked at Accenture (China) Co Ltd. (埃森哲(中國)有限公司), a subsidiary of Accenture plc, a company listed on the New York Stock Exchange (NYSE: ACN), from July 2004 to November 2007. From December 2007 to September 2010, he worked at Fair Isaac Information Technology (Beijing) Co., Ltd. (費埃哲信息技術(北京)有限公司), a subsidiary of Fair Isaac Corporation, a company listed on the New York Stock Exchange (NYSE: FICO), where his last position was consultant. From October 2010 to August 2016, Mr. Yang rejoined the Accenture (China) Co Ltd. as a senior manager.

Mr. Yang received his bachelor's degree with a major in trade and economics from Nankai University (南開大學) in the PRC in June 2001 and obtained his master's degree with a major in finance from Peking University (北京大學) in the PRC in June 2004. Mr. Yang also obtained an EMBA degree from China Europe International Business School (中歐國際工商學院) in China in November 2017.

**Mr. Jiang Nan (姜男)**, aged 33, is the medical director of our Group, the chief editor of our content team and a deputy head of our Medical Information Science Research Unit. He joined our Group in September 2013 and is responsible for overseeing the professionalism of our medical content and medical team management of our Group. Mr. Jiang has over seven years of experience in the medical information technology industry. Mr. Jiang was the editor-in-chief of medicine of Jinye Tiancheng from September 2013 to August 2016 and the director of medicine of Jinye Tiancheng since August 2018.

Mr. Jiang received his bachelor's degree with a major in clinical medicine from Qingdao University (青島大學) in the PRC in June 2010 and obtained his master's degree with a major in psychiatry and mental health from Peking University (北京大學) in the PRC in July 2013. Mr. Jiang received the Physician Practicing License from Beijing Municipal Health Bureau (北京市衛生局) (currently known as Beijing Municipal Health Commission (北京市衛生健康委員會)) in September 2012.

**Ms. Liu Juan (劉娟)**, aged 37, is the assistant to Chairwoman and the chief client officer of our Group. She joined our Group in October 2010 and is responsible for assisting the Chairwoman of our Group in managing day-to-day operation, sales team and client communication. Ms. Liu has been the assistant to Ms. Tian Liping since October 2013 and the chief client officer of Jinye Tiancheng since July 2016. Ms. Liu has approximately 13 years of experience in human resources management. Prior to joining our Group, Ms. Liu worked at Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 002024), from July 2007 to August 2009 and was responsible for management work. From May 2010 to October 2010, she worked at Guangzhou Blue Moon Industrial Co., Ltd. (廣州藍月亮實業有限公司), an indirect wholly owned subsidiary of Blue Moon Group Holdings Limited (藍月亮集團控股有限公司), a company listed on the Stock Exchange (Stock Code: 06993) and was responsible for human resources and administration management work. In October 2010, Ms. Liu joined Jinye Tiansheng, where she served as head of human resources department until October 2013.

Ms. Liu received her bachelor's degree with a major in business administration from Beijing Forestry University (北京林業大學) in the PRC in July 2007 and obtained her MBA degree from University of International Business and Economics (對外經濟貿易大學) in the PRC in July 2017.

None of our senior management members holds or has held any directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this prospectus.

## JOINT COMPANY SECRETARIES

**Ms. Yang Yanling (楊艷玲)** was appointed as our joint company secretary on March 4, 2021. Ms. Yang joined our Group in March 2018 and currently serves as a human resources manager of the Group and is in charge of the overall management of the human resources department and assists in the management of other operation departments including medical, design and creative departments. Before joining our Group, Ms. Yang served as human resources specialist in Beijing Suifang Information Technology Co., Ltd. (北京隨方信息技術有限公司) from August 2015 to February 2018, a human resources specialist in Beijing SDL Technology Co., Ltd. (北京雪迪龍科技股份有限公司) from December 2014 to July 2015 and worked in the human resources department in Beijing Zeyuan Huitong Technology Development Co., Ltd. (北京澤源惠通科技發展有限公司) from March 2013 to November 2014. Ms. Yang obtained a bachelor's degree in agriculture from Hebei North University (河北北方學院) in June 2013.

**Ms. Szeto Kar Yee Cynthia (司徒嘉怡)** was appointed as our joint company secretary on March 4, 2021. Ms. Szeto is an associate member of the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom. She obtained a bachelor's degree of Arts in Language Studies with Business from The Hong Kong Polytechnic University in November 2004 and a master's degree of Science in Professional Accounting and Corporate Governance from City University of Hong Kong in July 2012. Ms. Szeto has more than 10 years of professional and in-house experience in the company secretarial field. She is an assistant manager of the listing services department of TMF Hong Kong Limited and is responsible for providing corporate secretarial and compliance services to listed companies. She is currently a company secretary/joint company secretary of Inke Limited, a company listed on the Stock Exchange (Stock Code: 3700), Ming Yuan Cloud Group Holdings Limited, a company listed on the Stock Exchange (Stock Code: 909) and First Service Holding Limited, a company listed on the Stock Exchange (Stock Code: 2107).

## BOARD COMMITTEES

### Audit Committee

The Company established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The audit committee consists of three members, namely Ms. Wang Shan (王珊), Mr. Richard Yeh (葉霖) and Dr. Ma Jun (馬軍), our independent non-executive Directors. Ms. Wang Shan (王珊) has been appointed as the chairwoman of the Audit Committee and is our independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the audit committee are to review and supervise the financial reporting process

and internal control system of the Group, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by our Board.

**Remuneration Committee**

The Company established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The remuneration committee has three members, namely Mr. Richard Yeh (葉霖), Dr. Ma Jun (馬軍) and Ms. Wang Shan (王珊), our independent non-executive Director. Mr. Richard Yeh (葉霖) has been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on employee benefit arrangement.

**Nomination Committee**

The Company established a nomination committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The nomination committee consists of three independent non-executive Directors, being Mr. Richard Yeh (葉霖), Dr. Ma Jun (馬軍) and Ms. Wang Shan (王珊) and one executive Director, being Ms. Tian Liping, who is the chairwoman of the nomination committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors of our Company.

**BOARD DIVERSITY POLICY**

Our Company recognizes the importance of achieving diversity in the Board and the board diversity policy of the Company sets out the approach to include and make good use of differences in the talents, skills, knowledge, regional and industry experience, cultural and educational background, ethnicity, gender, length of service and other qualities of the members of the Board. In particular, there will be no discrimination on the ground of race, age, gender or religious belief. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

Our nomination committee is responsible for the implementation of our board diversity policy. After our Listing, our nomination committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

## CODE PROVISION A.2.1 OF THE CORPORATE GOVERNANCE CODE

Ms. Tian Liping is our Chairwoman and Chief Executive Officer. With extensive experience in the medical information technology industry, Ms. Tian Liping is responsible for formulating and implementing the overall development strategies and business plans of our Group and overseeing the overall development and operations of our Group and is instrumental to our growth and business expansion since our establishment. Our Board considers that vesting the roles of Chairwoman and chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of the senior management and our Board, which comprises experience and high-caliber individuals. Upon Listing, our Board will comprise four executive Directors (including Ms. Tian Liping), two non-executive Directors and three independent non-executive Directors and therefore has a strong independence element in its composition.

Save as disclosed above, we are in compliance with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

## WAIVERS GRANTED BY THE STOCK EXCHANGE

### Management presence

We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, please see the section headed "Waivers and Exemptions from Strict Compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver in relation to Management Presence in Hong Kong".

### Qualification of one of our Joint Company Secretaries

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under and in respect of Rules 3.28 and 8.17 of the Listing Rules in relation to the requirement on the qualifications of one of our joint company secretaries, Ms. Yang Yanling (楊艷玲). For details of the waiver, please see the section headed "Waivers and Exemptions from Strict Compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver in relation to our Joint Company Secretary".

## COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser (the "**Compliance Adviser**") pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where we propose to use the proceeds of 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 the Shares of our Company.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

## COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of fees, salaries, contributions to pension schemes, discretionary bonuses, allowances and other benefits in kind.

The aggregate remuneration (including fees, salaries, discretionary bonuses, allowances, benefits in kind, and contributions to pension schemes) incurred for our Directors for the years ended December 31, 2018, 2019 and 2020 was approximately RMB2.2 million, RMB3.2 million and RMB2.7 million, respectively.

The five highest paid individuals of our Group for the years ended December 31, 2018, 2019 and 2020 included three, three and three Directors, respectively, whose remuneration is included in the aggregate amount of remuneration (including fees, salaries, discretionary bonuses, allowances, benefits in kind, and contributions to pension schemes) as set out above. The aggregate amount of fees, salaries, discretionary bonuses, allowances, benefits in kind, and contributions to pension

schemes paid for the remaining two , two and two individuals for the years ended December 31, 2018, 2019 and 2020 was approximately RMB1.0 million, RMB1.4 million and RMB1.6 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 the years ended December 31, 2018, 2019 and 2020. Further, none of our Directors had waived any remuneration during the same period.

Save as disclosed above, no other payments have been made or are payable in respect of each of the years ended December 31, 2018, 2019 and 2020 by the Group to the Directors.

Under the arrangements currently in force, the aggregate amount of remuneration, excluding discretionary bonuses and share based compensation, payable to our Directors for the year ending December 31, 2021 is estimated to be approximately RMB3.8 million.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of our Group.

## SHARE OPTION SCHEMES

In order to incentivize our Directors, senior management and employees for their contribution to the Group and to attract and retain skilled and experienced personnel to enhance the development of our Group, we have adopted the Pre-IPO Share Option Scheme on March 29, 2021. As of the date of this prospectus, the Pre-IPO Share Options for an aggregate of 26,754,000 Shares, representing 3.88% of the issued share capital of our Company immediately following completion of the Global Offering (without taking into consideration our Shares that may be issued pursuant to the exercise of the Over-allotment Option and any option granted or to be granted under the Share Option Schemes), have been granted to 62 Grantees on April 2, 2021. No further option will be granted under the Pre-IPO Share Option Scheme after Listing. In addition, we have conditionally adopted the Post-IPO Share Option Scheme to allow us to grant options to selected Directors, senior management and employees after Listing. The principal terms of the Share Option Schemes are summarized in the section headed "Appendix IV — Statutory and General Information — D. Share Option Schemes" in this prospectus.

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, the following persons will have an interest or a short position in Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, 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 our Company or any of our subsidiaries:

| | | | Shares held as of the date of this prospectus | | Immediately following the completion of the Global Offering[1] | |
|---|---|---|---|---|---|---|
| Name of shareholder | Name of Company | Nature of interest | Number of Shares/interests held | Approximate percentage of interest in our Company or our subsidiary | Number of Shares/interests[2] held | Approximate percentage of interest in our Company or our subsidiary[2] |
| Ms. Tian Liping[3][4] | The Company | Interest in controlled corporation | 267,540,000 | 50% | 267,540,000 | 38.8% |
| | The Company | Beneficial interest | 10,138,000 | 1.89% | 10,138,000 | 1.47% |
| | The Company | Interest of spouse | 100,000 | 0.02% | 100,000 | 0.01% |
| Mr. Zhang Xiaofeng (張曉峰)[5] | The Company | Interest of spouse | 267,540,000 | 50% | 267,540,000 | 38.8% |
| | The Company | Interest of spouse | 10,138,000 | 1.89% | 10,138,000 | 1.47% |
| | The Company | Beneficial interest | 100,000 | 0.02% | 100,000 | 0.01% |
| Mr. Tian Lixin[3][6] | The Company | Interest in controlled corporation | 267,540,000 | 50% | 267,540,000 | 38.8% |
| | The Company | Beneficial interest | 2,550,000 | 0.48% | 2,550,000 | 0.37% |
| | The Company | Interest of spouse | 100,000 | 0.02% | 100,000 | 0.01% |
| Ms. Liu Lingdi (劉領娣)[7] | The Company | Interest of spouse | 267,540,000 | 50% | 267,540,000 | 38.8% |
| | The Company | Interest of spouse | 2,550,000 | 0.48% | 2,550,000 | 0.37% |
| | The Company | Beneficial interest | 100,000 | 0.02% | 100,000 | 0.01% |
| Tiantian[3] | The Company | Beneficial owner | 267,540,000 | 50% | 267,540,000 | 38.8% |
| M3[8] | The Company | Beneficial owner | 267,540,000 | 50% | 267,540,000 | 38.8% |
| Sony Group Corporation[8] | The Company | Interest in controlled corporation | 267,540,000 | 50% | 267,540,000 | 38.8% |

| | | | Shares held as of the date of this prospectus | | Immediately following the completion of the Global Offering[1] | |
|---|---|---|---|---|---|---|
| Name of shareholder | Name of Company | Nature of interest | Number of Shares/interests held | Approximate percentage of interest in our Company or our subsidiary | Number of Shares/interests[2] held | Approximate percentage of interest in our Company or our subsidiary[2] |
| Ms. Tian Liping | Yimaihutong | Beneficial owner | RMB5,000,000 registered capital | 50% | RMB5,000,000 registered capital | 50% |
| Dr. Li Zhuolin (李卓霖) | Yimaihutong | Beneficial owner | RMB5,000,000 registered capital | 50% | RMB5,000,000 registered capital | 50% |

*Notes:*

(1) All interests stated are long positions.

(2) The calculation for the percentage of interest in our Company is based on the total number of 690,176,000 Shares in issue immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options granted or to be granted under the Share Option Scheme.

(3) Ms. Tian Liping, Mr. Tian Lixin and Mr. Tian Lijun are brothers and sister of each other. Tiantian is held as to 48%, 37% and 15% by Ms. Tian Liping, Mr. Tian Lixin and Mr. Tian Lijun, respectively. Tiantian directly holds 267,540,000 Shares, and Ms. Tian Liping and Mr. Tian Lixin are deemed to be interested in the 267,540,000 Shares held by Tiantian.

(4) Ms. Tian Liping was granted Pre-IPO Share Options on April 2, 2021 to subscribe for 10,138,000 Shares. Ms. Tian Liping is deemed to be interested in the Pre-IPO Share Options granted to Mr. Zhang Xiaofeng (張曉峰) on April 2, 2021, the spouse of Ms. Tian Liping, to subscribe for 100,000 Shares.

(5) Mr. Zhang Xiaofeng (張曉峰) was granted Pre-IPO Share Options on April 2, 2021 to subscribe for 100,000 Shares. Mr. Zhang Xiaofeng (張曉峰) is the spouse of Ms. Tian Liping. Mr. Zhang Xiaofeng (張曉峰) is deemed to be interested in 267,540,000 Shares in which Ms. Tian Liping is interested and the Pre-IPO Share Options granted to Ms. Tian Liping on April 2, 2021 to subscribe for 10,138,000 Shares.

(6) Mr. Tian Lixin was granted Pre-IPO Share Options on April 2, 2021 to subscribe for 2,550,000 Shares. Mr. Tian Lixin is deemed to be interested in the Pre-IPO Share Options granted to Ms. Liu Lingdi (劉領娣) on April 2, 2021, the spouse of Mr. Tian Lixin, to subscribe for 100,000 Shares.

(7) Ms. Liu Lingdi (劉領娣) was granted Pre-IPO Share Options on April 2, 2021 to subscribe for 100,000 Shares. Ms. Liu Lingdi (劉領娣) is the spouse of Mr. Tian Lixin. Ms. Liu Lingdi (劉領娣) is deemed to be interested in 267,540,000 Shares in which Mr. Tian Lixin is interested and the Pre-IPO Share Options granted to Mr. Tian Lixin on April 2, 2021 to subscribe for 2,550,000 Shares.

(8) Sony Group Corporation is interested in approximately 33.95% of the shares of M3. Sony Group Corporation is deemed to be interested in the 267,540,000 Shares held by M3. Sony Group Corporation is the largest shareholder and an affiliate of M3. M3 operates independently from Sony Group Corporation and the size of business transactions between M3 and Sony Group Corporation during the Track Record Period is not material.

Other than as disclosed above, the substantial shareholders are not related to one another.

Save as disclosed above and in the section headed "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix IV to this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering, have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, 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 any other member of the Group.

## THE CORNERSTONE INVESTMENT

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 Shares) that may be purchased for an aggregate amount of US$220 million (or approximately HK$1,707.82 million, calculated based on an exchange rate of US$1.00 to HK$7.7628) (the "**Cornerstone Investment**").

Assuming an Offer Price of HK$24.10, 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 70,862,000 Offer Shares, representing (i) approximately 45.69% of the Offer Shares pursuant to the Global Offering and approximately 10.27% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of options granted or to be granted under the Share Option Schemes) or (ii) approximately 39.73% of the Offer Shares pursuant to the Global Offering and approximately 9.93% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is exercised in full and without taking into account any Shares which may be issued upon the exercise of options granted or to be granted under the Share Option Schemes).

Assuming an Offer Price of HK$25.65, 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 66,579,500 Offer Shares, representing (i) approximately 42.93% of the Offer Shares pursuant to the Global Offering and approximately 9.65% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of options granted or to be granted under the Share Option Schemes) or (ii) approximately 37.33% of the Offer Shares pursuant to the Global Offering and approximately 9.33% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is exercised in full and without taking into account any Shares which may be issued upon the exercise of options granted or to be granted under the Share Option Schemes).

Assuming an Offer Price of HK$27.20, 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 62,784,500 Offer Shares, representing (i) approximately 40.48% of the Offer Shares pursuant to the Global Offering and approximately 9.10% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not

exercised and without taking into account any Shares which may be issued upon the exercise of options granted or to be granted under the Share Option Schemes) or (ii) approximately 35.20% of the Offer Shares pursuant to the Global Offering and approximately 8.80% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is exercised in full and without taking into account any Shares which may be issued upon the exercise of options granted or to be granted under the Share Option Schemes).

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, the Cornerstone Investment will help raise the profile of our Company by signifying 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 Representatives in the Global Offering.

The Cornerstone Investment 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 Shares in issue and will be counted towards the public float of our Company. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial shareholder of our Company, and 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, (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, our subsidiaries, the Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or their respective close associates in relation to the acquisition, disposal, voting, or other disposition of 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 executives, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of our subsidiaries or their respective close associates.

As confirmed by each of the Cornerstone Investors, their subscription under the Cornerstone Investment Agreements would be financed by their own internal financial resources, including but not limited to (a) financial assets managed by them; (b) subscription monies from its fund investors in the accounts managed by them and returns on other investments through fund entities; and/or (c) self-owned funds (as the case may be) and that they have sufficient funds to settle their

respective investments under the Cornerstone Investment Agreements. There are no side arrangements or agreements between our Company and the Cornerstone Investors nor any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Investment, 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 Investment 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 as described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation".

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 Wednesday, July 14, 2021.

There is no delayed delivery arrangement for the Cornerstone Investors. Each Cornerstone Investor has agreed that it shall pay the relevant Offer Shares before dealing commences on the Listing Date. There will be no delayed settlement of payment.

## THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Investment.

### FMR

Fidelity Management & Research (Hong Kong) Limited has entered into a Cornerstone Investment Agreement in the capacity as agent and/or fiduciary for the following entities: (i) Fidelity Blue Chip Growth Fund; (ii) Fidelity Blue Chip Growth Commingled Pool; (iii) Fidelity Flex Large Cap Growth Fund; (iv) Fidelity Blue Chip Growth K6 Fund; (v) Fidelity Advisor Diversified International Fund; (vi) Fidelity Advisor Emerging Asia Fund; (vii) Fidelity Advisor New Insights Fund — Subportfolio B; (viii) Fidelity Emerging Markets Opportunities Institutional Trust — Health Care; (ix) Fidelity Emerging Markets Opportunities Institutional Trust — Information Technology; (x) Fidelity Blue Chip Growth Institutional Trust; (xi) Fidelity Emerging Markets Equity Multi-Asset Base Fund — Health Care; (xii) Fidelity Emerging Markets Equity Multi-Asset Base Fund — Information Technology; (xiii) Fidelity Diversified International Fund; (xiv) Fidelity Diversified International Commingled Pool; (xv) Fidelity Diversified International K6 Fund; (xvi) Fidelity Emerging Markets Equity Central Fund — Health Care Sub; (xvii) Fidelity Emerging Markets Equity Central Fund — Information Technology Sub; (xviii) FIAM Emerging

Markets Opportunities Commingled Pool — Health Care Sub; (xix) FIAM Emerging Markets Opportunities Commingled Pool — Information Technology Sub; (xx) Fidelity Japan Fund; (xxi) Fidelity Series Blue Chip Growth Fund; (xxii) Fidelity Series Emerging Markets Opportunities Fund — Health Care Sub; (xxiii) Fidelity Series Emerging Markets Opportunities Fund — Information Technology Sub; (xxiv) Worldwide Non-US Equity Sub; (xxv) Fidelity China Region Fund; (xxvi) Fidelity International Discovery Fund; (xxvii) Fidelity International Discovery Commingled Pool; (xxviii) Fidelity International Discovery K6 Fund; (xxix) Fidelity Emerging Markets Fund; (xxx) Fidelity International Small Cap Fund; (xxxi) Fidelity Pacific Basin Fund; (xxxii) FIAM Target Date Blue Chip Growth Commingled Pool; (xxxiii) Fidelity Emerging Asia Fund; (xxxiv) Fidelity Total Emerging Markets Fund — Healthcare Sub; (xxxv) Fidelity Total Emerging Markets Fund — Information Technology Sub; and (xxxvi) Fidelity Trend Fund, all of which are funds and portfolios advised or sub-advised by Fidelity Management & Research (Hong Kong) Limited and its related group of companies collectively known as Fidelity Investments (the "**FMR**"). The aggregate net assets value of the above funds and portfolios as at March 31, 2021 was approximately US$146 billion.

Established in 1946, FMR provides, among others, investment advisory services to various institutional and retail funds and accounts. Asset classes managed include, among others, stocks, bonds and other debt securities. FMR invests in securities of companies engaged in a variety of economic sectors and industries that are domiciled in the U.S. and outside the U.S., across different asset classes, market sectors, maturities, and regions. As of March 2021, FMR managed more than US$3.9 trillion through mutual fund portfolios and other institutional accounts around the world.

**FIL**

FIL Investment Management (Hong Kong) Limited has entered into a Cornerstone Investment Agreement in the capacity as fiduciary and agent for the following entities: (i) Fidelity China Special Situations PLC; (ii) a sub-fund of Fidelity Funds — Pacific Funds; (iii) a sub-fund of Fidelity Investments Funds: Fidelity Emerging Asia Fund; (iv) a sub-fund of Fidelity Funds: Asia Focus; (v) Fidelity Asia Equity Mother Fund; (vi) a sub-fund of Fidelity Funds: Greater China II Fund; (vii) a sub-fund of Fidelity Funds: Greater China Fund; (viii) a sub-fund of Fidelity Investment Funds: Fidelity China Consumer Fund; (ix) a sub-fund of Fidelity Funds — China Consumer Fund; (x) a sub-fund of Fidelity Funds: Institutional Hong Kong Equity Fund; (xi) a sub-fund of Fidelity Investment Funds: Asia Fund; (xii) Fidelity China Focus Open Mother Fund; (xiii) a sub-fund of Fidelity Funds — China Focus Fund; (xiv) Fidelity Australia — Fidelity China Fund; (xv) Fidelity Korea — China Mother Investment Trust (Equity) and certain other third-party funds and accounts, all of which are advised or sub-advised by FIL Investment Management (Hong

Kong) Limited and its related group of companies collectively known as Fidelity International ("**FIL**"). The aggregate net assets value of the above funds and accounts as at the Latest Practicable Date was approximately US$30.5 billion.

**Tencent Mobility**

Tencent Mobility Limited ("**Tencent Mobility**") is a company incorporated in Hong Kong and is principally engaged in the activities of development and operation of entertainment applications, provision of promotion activities for Weixin and investment holding. Tencent Mobility is a wholly-owned subsidiary of Tencent Holdings Limited, whose shares are listed on the Stock Exchange (Stock Code: 700). Based on the confirmation of Tencent Mobility, Tencent Holdings Limited's shareholders' and Stock Exchanges' approval are not required for the subscription by Tencent Mobility for the Offer Shares pursuant to the relevant Cornerstone Investment Agreement.

In addition to the conditions precedent as set out in the paragraph headed "— Closing Conditions" in this section, the subscription obligations of Tencent Mobility under the Cornerstone Investment Agreement are subject to the respective representations, warranties, undertakings and confirmations of our Company under the Cornerstone Investment Agreement being accurate and true in all material respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of our Company.

**GIC**

GIC Private Limited ("**GIC**") is a global investment management company established in 1981 to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. With its current portfolio size of more than US$100 billion, GIC is amongst the world's largest fund management companies.

**Matthews Funds**

(i) Matthews Asia ESG Fund; (ii) Matthews Asia Innovators Fund; (iii) Matthews Asia Growth Fund; (iv) Matthews China Dividend Fund; (v) Matthews China Small Companies Fund; and (vi) Matthews Emerging Markets Small Companies Fund, being publicly offered funds with aggregate fund assets amounting to approximately US$5.7 billion as of May 28, 2021, are series of Matthews International Funds (doing business as Matthews Asia Funds), an open-end management company registered under the U.S. Investment Company Act of 1940, as amended ("**Matthews International Funds (US)**").

(i) Matthews Asia Funds — Asia Innovative Growth Fund; (ii) Matthews Asia Funds — Asia Small Companies Fund; and (iii) Matthews Asia Funds — China Small Companies Fund, being publicly offered funds with aggregate fund assets amounting to approximately US$670 million as of May 31, 2021, are sub-funds of Matthews Asia Funds, a public limited company (société anonyme) qualifying as an investment company organised with variable share capital within the meaning of the Luxembourg law of 17 December 2010 on collective investment undertakings incorporated as an umbrella fund comprised of separate sub-funds ("**Matthews Asia Funds (Lux)**", together with Matthews International Funds (US), the "**Matthews Funds**"). Various share classes of (i) Matthews Asia Funds Asia Innovative Growth Fund, (ii) Matthews Asia Funds Asia Small Companies Fund, and (iii) Matthews Asia Funds China Small Companies Funds, are listed on the Euro MTF, which is a market of the Luxembourg Stock Exchange.

Matthews International Capital Management, LLC ("**Matthews Asia**") is the authorized agent and the investment manager of the Matthews Funds. Matthews Asia manages portfolios of securities primarily in the Asia Pacific region on a discretionary basis for institutional clients, including U.S. registered investment companies and similar non-U.S. investment funds (some of which are registered under the laws of the country where they are formed) and other clients worldwide. As of March 31, 2021, Matthews Asia had approximately US$30.2 billion in assets under management according to its website. Based on the confirmation of Matthews Asia Funds (Lux), shareholders' approval of (i) Matthews Asia Funds Asia Innovative Growth Fund, (ii) Matthews Asia Funds Asia Small Companies Fund, and (iii) Matthews Asia Funds China Small Companies Funds, and Luxembourg Stock Exchange's approval are not required for their subscription for the Offer Shares pursuant to the relevant Cornerstone Investment Agreement.

**Springhill**

Springhill Master Fund Limited ("**Springhill**") is an exempted company incorporated in the Cayman Islands, and is dedicated to investing in healthcare public equities with an initial regional focus in Greater China and Asia. Springhill is the public equities unit of the Qiming Venture Partners corporate group. Springhill's funds are managed by Springhill Fund Asset Management (HK) Company Limited, which is licensed by the SFC to carry out Type 9 (asset management) regulated activity.

**OrbiMed Funds**

OrbiMed Partners Master Fund Limited ("**OPM**") is an exempted company limited by shares incorporated under the laws of Bermuda. Worldwide Healthcare Trust PLC ("**WWH**") is a publicly listed trust organized under the laws of England listed on the London Stock Exchange. OrbiMed Capital LLC is the investment advisor for OPM and the portfolio manager of WWH. OrbiMed Genesis Master Fund, L.P. ("**Genesis**"), OrbiMed New Horizons Master Fund, L.P. ("**ONH**") and

OrbiMed Global Healthcare Master Fund, L.P. ("**OGH**", together with, OPM, WWH, Genesis and ONH, the "**OrbiMed Funds**") are each exempted limited partnerships incorporated under the laws of the Cayman Islands with OrbiMed Advisors LLC acting as the investment manager. The aggregate asset under management of the OrbiMed Funds amounted to US$5.83 billion as of the Latest Practicable Date.

OrbiMed Capital LLC and OrbiMed Advisors LLC exercise voting and investment power through a management committee comprised of Carl L. Gordon, Sven H. Borho, and Jonathan T. Silverstein. Based on the confirmation of WWH, WWH's shareholders' and London Stock Exchanges' approval are not required for the subscription by WWH for the Offer Shares pursuant to the relevant Cornerstone Investment Agreement.

The table below sets forth details of the Cornerstone Investment:

*Based on the Offer Price of HK$24.10 (being the low-end of the indicative Offer Price range)*

| | | | Assuming the Over-allotment Option is not exercised | | Assuming the Over-allotment Option is fully exercised | |
|---|---|---|---|---|---|---|
| **Cornerstone Investor** | **Total investment Amount** | **Number of Offer Shares to be acquired[(1)(2)]** | **Approximate % of the Offer Shares** | **Approximate % of our total issued share capital [(3)]** | **Approximate % of the Offer Shares** | **Approximate % of our total issued share capital [(3)]** |
| | *(US$ in million)* | | | | | |
| FMR | 40 | 12,884,000 | 8.31% | 1.87% | 7.22% | 1.81% |
| FIL | 40 | 12,884,000 | 8.31% | 1.87% | 7.22% | 1.81% |
| Tencent Mobility | 40 | 12,884,000 | 8.31% | 1.87% | 7.22% | 1.81% |
| GIC | 40 | 12,884,000 | 8.31% | 1.87% | 7.22% | 1.81% |
| Matthews Funds | 20 | 6,442,000 | 4.15% | 0.93% | 3.61% | 0.90% |
| Springhill | 20 | 6,442,000 | 4.15% | 0.93% | 3.61% | 0.90% |
| OrbiMed Funds | 20 | 6,442,000 | 4.15% | 0.93% | 3.61% | 0.90% |
| **Total** | **220** | **70,862,000** | **45.69%** | **10.27%** | **39.73%** | **9.93%** |

*Based on the Offer Price of HK$25.65 (being the mid-point of the indicative Offer Price range)*

| | | | Assuming the Over-allotment Option is not exercised | | Assuming the Over-allotment Option is fully exercised | |
|---|---|---|---|---|---|---|
| **Cornerstone Investor** | **Total investment Amount** | **Number of Offer Shares to be acquired[(1)(2)]** | **Approximate % of the Offer Shares** | **Approximate % of our total issued share capital [(3)]** | **Approximate % of the Offer Shares** | **Approximate % of our total issued share capital [(3)]** |
| | *(US$ in million)* | | | | | |
| FMR | 40 | 12,105,500 | 7.81% | 1.75% | 6.79% | 1.70% |
| FIL | 40 | 12,105,500 | 7.81% | 1.75% | 6.79% | 1.70% |
| Tencent Mobility | 40 | 12,105,500 | 7.81% | 1.75% | 6.79% | 1.70% |
| GIC | 40 | 12,105,500 | 7.81% | 1.75% | 6.79% | 1.70% |
| Matthews Funds | 20 | 6,052,500 | 3.90% | 0.88% | 3.39% | 0.85% |
| Springhill | 20 | 6,052,500 | 3.90% | 0.88% | 3.39% | 0.85% |
| OrbiMed Funds | 20 | 6,052,500 | 3.90% | 0.88% | 3.39% | 0.85% |
| **Total** | **220** | **66,579,500** | **42.93%** | **9.65%** | **37.33%** | **9.33%** |

*Based on the Offer Price of HK$27.20 (being the high-end of the indicative Offer Price range)*

| | | | Assuming the Over-allotment Option is not exercised | | Assuming the Over-allotment Option is fully exercised | |
|---|---|---|---|---|---|---|
| **Cornerstone Investor** | **Total investment Amount** | **Number of Offer Shares to be acquired[(1)(2)]** | **Approximate % of the Offer Shares** | **Approximate % of our total issued share capital [(3)]** | **Approximate % of the Offer Shares** | **Approximate % of our total issued share capital [(3)]** |
| | *(US$ in million)* | | | | | |
| FMR | 40 | 11,415,500 | 7.36% | 1.65% | 6.40% | 1.60% |
| FIL | 40 | 11,415,500 | 7.36% | 1.65% | 6.40% | 1.60% |
| Tencent Mobility | 40 | 11,415,500 | 7.36% | 1.65% | 6.40% | 1.60% |
| GIC | 40 | 11,415,500 | 7.36% | 1.65% | 6.40% | 1.60% |
| Matthews Funds | 20 | 5,707,500 | 3.68% | 0.83% | 3.20% | 0.80% |
| Springhill | 20 | 5,707,500 | 3.68% | 0.83% | 3.20% | 0.80% |
| OrbiMed Funds | 20 | 5,707,500 | 3.68% | 0.83% | 3.20% | 0.80% |
| **Total** | **220** | **62,784,500** | **40.48%** | **9.10%** | **35.20%** | **8.80%** |

*Notes:*

(1) Calculated based on an exchange rate of US$1.00 to HK$7.7628.

(2) Subject to rounding down to the nearest whole board lot of 500 Shares.

(3) Without taking into account any Shares which may be issued upon the exercise of the options granted or to be granted under the Share Option Schemes.

## CLOSING CONDITIONS

The obligation of each of the Cornerstone Investors to acquire the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) 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, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(ii) the Offer Price having been agreed upon between the Company and the Joint Global Coordinators (on behalf of the underwriters of the Global Offering);

(iii) the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Investment) 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 Shares on the Stock Exchange;

(iv) no laws shall have been enacted or promulgated by any government authority which prohibits the consummation of the transactions contemplated in Hong Kong Public Offering, the International Offering or the Cornerstone Investment Agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective representations, warranties, acknowledgements, undertakings and confirmations of the Cornerstone Investor under the Cornerstone Investment Agreement are 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 INVESTOR

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

## AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized share capital of our Company as of the Latest Practicable Date and the issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the Global Offering:

| | | US$ | Approximate percentage to total share capital |
|---|---|---|---|
| *Authorized share capital as of the Latest Practicable Date and immediately following the completion of the Global Offering:* | | | |
| 50,000,000,000 | Shares of US$0.00001 each | 500,000 | 100.00% |
| *Issued and to be issued, fully paid or credited as fully paid upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised):* | | | |
| 535,080,000 | Shares in issue as of the date of this prospectus | 5,351 | 77.53% |
| 155,096,000 | Shares to be issued pursuant to the Global Offering | 1,551 | 22.47% |
| 690,176,000 | Total | 6,902 | 100.00% |
| *Issued and to be issued, fully paid or credited as fully paid upon completion of the Global Offering (assuming that the Over-allotment Option is exercised in full):* | | | |
| 535,080,000 | Shares in issue as of the date of this prospectus | 5,351 | 75.00% |
| 155,096,000 | Shares to be issued pursuant to the Global Offering | 1,551 | 21.74% |
| 23,264,000 | Shares to be issued upon the Over-allotment Option being exercised in full | 233 | 3.26% |
| 713,440,000 | Total | 7,134 | 100.00% |

## ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above does not take into account any shares which may be issued upon the exercise of the options granted or to be granted under the Share Option Schemes or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

## RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

## SHARE OPTION SCHEMES

We have adopted the Pre-IPO Share Option Scheme and conditionally adopted the Post-IPO Share Option Scheme. The principal terms of the Share Option Schemes are summarized in the section headed "Statutory and General Information — D. Share Option Schemes" in Appendix IV to this prospectus.

## CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS AND CLASS MEETINGS ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks pari passu with the other shares.

Pursuant to the Cayman Companies Act and the terms of our Memorandum and Articles of Association, our Company may from time to time by shareholders' ordinary resolution (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) cancel any Shares which have not been taken; and (iv) subdivide its Shares into Shares of smaller amount. In addition, our Company may reduce its share capital or any capital redemption reserve by shareholders' special resolution. For more details, please see "Summary of the Constitution of our Company and Cayman Companies Act — Summary of the Constitution of the Company — 2 Articles of Association — 2.5 Alteration of capital" in Appendix III.

Subject to the Cayman Companies Act and pursuant to the terms of our Articles of Association, if at any time the share capital of our Company is divided into different classes of Shares, all or any of the special rights attached to any class of Shares may be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the Shares of that class. For more details, please see "Summary of the Constitution of our Company and Cayman Companies Act — Summary of the Constitution of the Company — 2 Articles of Association — 2.4 Variation of rights of existing shares or classes of shares" in Appendix III.

## GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES

Subject to the conditions stated in "Structure of the Global Offering — Conditions of the Global Offering", our Directors have been granted general unconditional mandates to issue and repurchase our Shares.

For further details of these general mandate, please see "Statutory and General Information — A. Further Information About the Our Group — 3. Resolutions in Writing of the Shareholders of Our Company Passed on June 18, 2021" in Appendix IV.

***The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Accountant's Report in Appendix I to this prospectus and in particular, "Business."***

***This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.***

***We have prepared our consolidated financial statements in accordance with HKFRSs. Our fiscal year ends on December 31 and for the purpose of this section, unless the context otherwise requires, references to 2018, 2019 and 2020 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.***

## OVERVIEW

We are the largest online professional physician platform in China in terms of registered physician users as of December 31, 2020, according to the Frost & Sullivan Report. We have focused on using technology to support physicians' clinical decision making for over 20 years. Our self-developed *Medlive* (醫脈通) platform is widely recognized by physicians in China as the most popular professional medical platform, which enables us to become the platform of choice in precision digital healthcare marketing for pharmaceutical and medical device companies in China. As of December 31, 2020, our *Medlive* platform, available through our website, desktop application and mobile application, had approximately 3.5 million registered users, around 2.4 million of whom were licensed physicians, representing approximately 58% of all licensed physicians in China as of the same date, according to the Frost & Sullivan Report. In the fourth quarter of 2020, the average MAUs on our platform exceeded 1.0 million. In the same period, the average monthly views of articles and videos by registered users on our platform were over 134 million. Articles and videos on our platform include, among others, clinical guides and guidelines, research articles, drug references, clinical developments, as well as customized content.

Leveraging our large number of physician users and their high level of engagement, our *Medlive* platform allows platform participants to gather, learn and connect. Our platform participants include physicians, pharmaceutical and medical device companies and patients. We extensively leverage our proprietary technology, content generation capabilities and our understanding of medical information science to provide different services and solutions to each group of platform participants.

Our solutions address vast and rapidly expanding markets. With pharmaceutical and medical device companies moving their marketing efforts online, the market of digital healthcare marketing services in China grew from RMB4.4 billion in 2018 to RMB15.2 billion in 2020, at a CAGR of 85.8%, and is expected to reach RMB111.0 billion in 2025, with a CAGR of 48.8% from 2020 to 2025, according to the Frost & Sullivan Report. In addition, physicians are spending more time on professional physician platforms for medical information and clinical decision support. The digital medical information market in China increased from RMB23.6 million in 2018 to RMB114.2 million in 2020, at a CAGR of 120.1%, and is expected to reach RMB3.0 billion in 2025, with a CAGR of 92.7% from 2020 to 2025, according to the Frost & Sullivan Report. Our solutions for patients address a fast growing digital chronic disease management market in China, which increased from RMB77.9 billion in 2018 to RMB139.7 billion in 2020, at a CAGR of 33.9%, and is expected to reach RMB507.1 billion in 2025, with a CAGR of 29.4% from 2020 to 2025, according to the Frost & Sullivan Report.

We delivered strong financial performance during the Track Record Period. Our revenue increased from RMB83.5 million in 2018 to RMB121.6 million in 2019 and further increased to RMB213.5 million in 2020, at a CAGR of 59.9% from 2018 to 2020. Our net profit increased from RMB14.2 million in 2018 to RMB31.3 million in 2019 and further increased to RMB85.2 million in 2020, at a CAGR of 145.0% from 2018 to 2020.

## BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations), issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from January 1, 2020 and Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of our historical financial information throughout the Track Record Period.

Our historical financial information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. The preparation of the historical financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying our Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 3 to the Accountants' Report included in Appendix I to this prospectus.

## MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations have been, and are expected to continue to be, materially affected by a number of key factors, including the following:

### Economic and Industry Trends in China

Our business and results of operations are affected by general factors affecting China's healthcare industry, particularly the pharmaceutical and medical device industries. Such general factors include China's overall economic growth, aging population, increasing disposable income, rising prevalence of chronic diseases and growing health awareness. China's healthcare expenditure is expected to continue to grow and result in continued increase in spending on healthcare marketing by pharmaceutical and medical device companies.

In addition, our business and results of operations are also affected by government policies and regulations applicable to healthcare industry. We have benefited from certain recent favorable regulatory and policy changes in China. The impact of the "two-invoice system" and centralized procurement on pharmaceutical and medical device companies, the spurt of innovative drugs coming to market as a result of China's healthcare reforms and the restrictions on offline marketing due to the COVID-19 pandemic have provided a favorable market environment for digital healthcare marketing in recent years.

We believe we are uniquely positioned to benefit from such industry trends and regulatory changes. On the other hand, there could also be industry challenges and regulatory restrictions in the future that affect us.

### Ability to Retain and Attract Physician Users and Drive User Engagement on Our Platform

Our long-term success depends on our ability to retain our existing users and attract new users, especially physician users in specialties of interest to the pharmaceutical and medical device companies we serve, to our platform. Our large physician user base and user data have helped us develop insights into the background and preferences of physicians and make us the platform of choice for pharmaceutical and medical device companies in precision digital healthcare marketing. We plan to extend our reach to physicians who work in rural areas and community hospitals in China, to attract, engage and retain additional physician users.

The attractiveness of our platform to pharmaceutical and medical device companies and the growth of our business are also driven by the engagement of our physician users. A continued increase in the engagement of our physician users will lead to increase in the potential clicks from physician users on customized content and more paying users. We will continue to drive user

engagement by enhancing the quality and breadth of information available on our platform, providing more comprehensive clinical decision support tools, upgrading our technology and strengthen its applications in our solutions, as well as expanding our solution offerings that are tailored to the evolving needs of physicians at all levels of expertise, leveraging our data insights.

**Ability to Retain Existing Healthcare Customers and Acquire New Healthcare Customers**

Pharmaceutical and medical device companies have increasing budgets for digital healthcare marketing to get their products in front of physicians and patients. The growth in our healthcare customer base is a key driver of our revenue growth. We have amassed a large and diversified healthcare customer base. In 2020, our healthcare customers include (i) 18 of the top 20 multi-national pharmaceutical companies by revenue in the world (ii) over 20 leading China-based pharmaceutical companies, and (iii) leading multi-national and China-based medical device companies. We have fostered loyalty of existing customers by delivering superior return on their spending for our precision marketing solutions. We benefit from our large physician user base, deep understanding of the healthcare industry, sophisticated data analytics, and technological solutions, which will enable us to further strengthen our relationships with existing customers. We also seek to generate additional revenue from existing customers through efforts such as cross-selling additional solutions and enriching our solution offerings.

We aim to acquire and retain new customers and continue to diversify our customer base. We have identified significant demand for digital marketing from medical device companies, domestic pharmaceutical companies and biotechnology companies, particularly those focused on developing innovative therapeutics. We will continue to invest in developing and offering more solutions, as well as adding new features to our existing solutions to address these potential customers' needs more effectively.

**Ability to Expand Our Solution Offerings**

We currently offer three categories of solutions, namely (i) precision marketing and corporate solutions, which include precision marketing solutions and corporate solutions, (ii) medical knowledge solutions and (iii) intelligent patient management solutions. Our revenue grew significantly during the Track Record Period primarily due to our deeper penetration in these verticals and the expansion of our solution offerings. Our future success is significantly dependent on our ability to further penetrate the verticals in which we operate by further expanding the scope of our solution offerings and by improving the quality and efficiency of our existing solutions. Historically, our revenue was primarily derived from precision marketing and corporate solutions. We launched our Internet hospital in 2021, which represents a major step forward in the application of our intelligent patient management solutions. We believe there are significant

opportunities to grow our revenue from intelligent patient management solutions by leveraging our large physician network and integrating our Internet hospital services with our other service offerings, such as chronic disease management services, to create more synergies.

**Our Ability to Effectively Invest in Technology**

Our technological capabilities are fundamental to our business. Our business and results of operations depend in part on our ability to invest in technology to cost-effectively meet the demands of our anticipated growth. Our ability to engage users and provide precision marketing and corporate solutions to pharmaceutical and medical device companies is affected by breadth and depth of our data insights that are enabled by our technology capabilities. We have made, and will continue to make, investments in our technology capabilities to attract users and healthcare customers, enhance user experience and expand the capabilities and scale of our platform. In particular, we plan to continue to invest in the fields of AI, big data, knowledge graph and natural language processing to strengthen our technological advantage. We expect our strategic focus on innovations will further reinforce the entry barrier we established and enable us to capture additional market shares, which in turn will enable us to further increase our revenue and strengthen our financial performance.

**Impact of COVID-19 on our Operations**

We primarily generate revenues from our online professional physician platform. As most of our solutions are delivered through our platform, we have not experienced significant difficulties or failed to discharge obligations under our existing contracts due to disruptions related to the outbreak of COVID-19. We also have not experienced material disruptions in services from our service providers due to COVID-19. As a result, COVID-19 has not caused material adverse impact on our results of operations, financial condition or our development plans.

In response to intensifying efforts to contain the spread of COVID-19, the Chinese government took a number of actions, which included compulsory quarantine arrangements, travel restrictions, remote work arrangements and public activities restrictions, among others, during the COVID-19 outbreak. COVID-19 also resulted in temporary closure of many corporate offices and other types of workplaces across China. Our headquarters in Beijing were closed for a period of three weeks in the first quarter of 2020 as a result of the outbreak. In addition, due to the travel restrictions and social distancing measures imposed, some of our in-person communications, such as consulting and content development meetings with our healthcare customers, were affected during the COVID-19 outbreak. We took a series of measures in response to the outbreak, including, among others, remote working arrangements for our employees to ensure the smooth operations of our platform during the COVID-19 outbreak and facilitating the vaccination of our employees. There have been no confirmed cases of COVID-19 among our employees. We also

have business continuity and pandemic plans in place, which include remote working arrangements for the majority of our workforce, and we do not currently anticipate significant challenges to our ability to maintain the operations of our platform in light of the measures under such plans.

Although China eased domestic travel restrictions and social distancing measures by the end of June 2020, the spread of COVID-19 pandemic in a significant number of countries around the world has resulted in, and may intensify, global economic distress, and the duration and extent of the impact of COVID-19 outbreak cannot be reasonably estimated at this time. The extent to which it may affect our results of operations and financial condition in the future will depend on the future developments of the outbreak, which are highly uncertain and cannot be predicted.

According to the Frost & Sullivan Report, the digital marketing spending by pharmaceutical and medical device companies in China, which is our primary revenue source, will continue to increase at a high speed in 2021 as pharmaceutical and medical device companies seek greater efficiency in marketing activities, taking into account any potential impact of COVID-19 outbreak. According to the Frost & Sullivan Report, the COVID-19 outbreak catalyzed and accelerated the digitalization of healthcare services. Digital healthcare marketing, particularly precision digital healthcare marketing, is more widely recognized by pharmaceutical and medical device companies as a cost-efficient way to conduct healthcare marketing in China, which is expected to cause a fundamental shift to more digital healthcare marketing by pharmaceutical and medical device companies in the future.

## OUR OPERATING MODEL

Our profitability improved during the Track Record Period. Our ability to maintain profitability in the future will depend primarily on our ability to generate sufficient revenue and to manage our cost of sales and operating expenses.

We derive most of our revenue from precision marketing solutions, which offer digital healthcare marketing services to pharmaceutical and medical device companies. As a result, our ability to increase our revenue largely depends on our ability to retain existing healthcare customers and attract new healthcare customers and our ability to generate sufficient revenue through sale of our precision marketing solutions. Our revenue from precision marketing is tied directly to our ability to maintain a large and engaged physician user base. As our registered physician users accounted for 58% of all licensed physicians in China as of December 31, 2020, increasing user engagement is particularly important for us to maintain and grow our revenue. A continued increase in the engagement of our physician users will lead to increase in the potential clicks from physician users on customized content, which will in turn drive the growth of our revenue.

Our overall strategy for attracting and retaining physicians and driving their engagement is to offer high quality medical knowledge content, which is non-sponsored, editorial content, to satisfy physicians' needs for continuing medical education and clinical decision support. To that end, we have taken the following steps: (i) we have accumulated a vast library of trustworthy, high quality medical knowledge content, most of which we offer free of charge; (ii) we are developing more comprehensive clinical decision support tools, such as *Disease Knowledge Database*, that can be used by physicians at the point of care; (iii) we continue to enhance the quality and breadth of the content available on our platform by strengthening our in-house content development capacities and collaboration with KOLs; and (iv) we continue to refine our technology to deliver personalized and curated content to physicians and help them discover desired content.

Our profitability also depends on our ability to manage our cost of sales and expenses. We believe our business model is highly scalable and has significant operating leverage and economies of scale.

Our gross margin improved during the Track Record Period primarily due to our increased economies of scale and a higher level of user engagement. Content related costs have been and are expected to continue to be a large component of our cost of sales. Although we expect such costs to increase in absolute amounts as our business expands, we seek to reduce such costs as a percentage of our revenue through the following steps: (i) we are investing in our in-house content development capabilities and plan to move more content development in-house; (ii) we relocated a portion of our workforce to lower-tier cities, which resulted in a decrease in average salary; and (iii) we will outsource content development in a cost-effective manner to provide scalability to facilitate the growth of our business.

As a percentage of our revenue, our administrative expenses decreased while selling and distribution expenses increased during the Track Record Period. Although we expect such expenses to increase in absolute amounts as our business expands, we seek to reduce such expenses as percentages of our revenue through economies of scale. Employee benefit expenses have been and are expected to continue to be a large component of our expenses. We aim to improve the efficiency of our workforce and thus enjoy higher operating leverage. We believe our platform has network effects, which enable us to promote our brand efficiently. However, as we operate in intensely competitive markets, we need to continue to conduct promotion activities to further expand our user base and drive user engagement.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial

position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Other significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes 2 and 3 to the Accountant's Report in Appendix I to this prospectus.

**Revenue Recognition**

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled to in exchange for those goods or services.

We transfer control of goods or services over time and recognizes revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by our performance as we perform our services;

- our performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- our performance does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods or services.

We derive revenue from rendering of services of precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions.

***Precision Marketing and Corporate Solutions***

We are engaged in providing precision marketing and corporate solutions which include precision marketing solutions and corporate solutions to pharmaceutical and medical device companies, hospitals and research institutions, and contract research organizations.

(i) Precision marketing solutions mainly include precision digital detailing service (including online meeting delivery), digital marketing consulting service, digital content creation service, medical conference service, application software development service and other relevant services.

For precision digital detailing service, digital marketing consulting service, and digital content creation service, we agree the sales price for each service with the customers upfront and bills to the customers based on the actual service rendered and completed. Revenue is generally recognized at a point in time when the services are rendered and accepted by the customers.

For application software development service, the software developed is customized for each customer, therefore our performance does not create an asset with an alternative use to us and we have an enforceable right to payment from the customer for our performance completed to date according to the contracts. As a result, revenue from application software development service is recognized over time.

Input method is used to measure progress towards complete satisfaction of the service, because we have an enforceable right to payment from the customer for our performance completed to date according to the contracts. The input method recognizes revenue on the basis of the labor hours expended relative to the total expected labor hours to complete satisfaction of the service.

We have adopted internal policies and standard procedures related to labor time records designed to ensure the accuracy of the records of actual labor hours expended for our projects. During the implementation phase of a project, our employees are required to fill in their actual working hours, along with the respective project identification codes and narratives of the work performed, in the project management system on a daily basis. Our project managers are responsible for assigning tasks to the relevant departments and reviewing the reasonableness of time records in the project management system based on the assigned tasks. We conduct spot-check inspections on the time records from time to time. We may take disciplinary actions against employees who do not keep proper records of their working hours or project managers who fail to review the time records.

For certain application software development service, we also provide related maintenance service for a specific period (normally one year after the customer's acceptance) after sale as stipulated in the same contract. The maintenance service is provided to maintain the effectiveness of the application software and therefore is accounted for as a separate performance obligation. Revenue from provision of maintenance service is recognized over the service period.

(ii) Corporate solutions mainly include provision of application software development service, digital market research service and other relevant services.

For application software development service, revenue is recognized over time, using an input method to measure progress towards complete satisfaction of the service.

Digital market research service is generally delivered in the form of medical technical survey report or samples. The contract usually contains multiple deliverable units and each of the deliverable units is with individual selling price specified within the contract. We recognized revenue at the point of time when the deliverable units are delivered to the customers.

***Medical Knowledge Solutions***

Medical knowledge solutions involve provision of professional medical information covering continuing medical education and clinical decision support, including licensing software to physicians and other registered users, including other healthcare professionals.

Revenue from software licensing service is recognized over the estimated lifespans of the software, which are determined based on the expected usage periods, because there is an explicit or implicit obligation of ours to update the software content and allow users to gain access to it.

***Intelligent patient management solutions***

Intelligent patient management solutions involve provision of patient education services to patients, pharmaceutical companies and non-profit organizations with medical focus, including medical conference service, application software development, patient consultation service and other relevant services.

For the delivery of conference service, the revenue is recognized at a point in time when the conference is completed.

For revenue from application software development service, revenue is recognized over time, using an input method to measure progress towards complete satisfaction of the service.

Revenue from patient consultation service is recognized over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by us.

**Contract Assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If we perform our obligations by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment.

**Contract Liabilities**

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before we transfer the related goods or services. Contract liabilities are recognized as revenue when we perform under the contract, which means transferring control of the related goods or services to the customer.

**Provision for Expected Credit Losses on Trade Receivables and Contract Assets**

We use a provision matrix to calculate expected credit losses ("**ECLs**") for trade receivables and contract assets. The provision rates are based on ageing period and days past due for groups of various customer segments that have similar loss patterns.

The provision matrix is initially based on our historical expected default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical expected default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical expected default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of a customers' actual default in the future. The information about the ECLs on our trade receivables and contract assets is disclosed in Notes 15 and 16 to the Accountants' Report included in Appendix I to this prospectus.

**Leases — Estimating the Incremental Borrowing Rate**

We cannot readily determine the interest rate implicit in a lease, and therefore, we use an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that we would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what we "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. We estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

## CERTAIN OPERATING DATA

The following tables present certain of our operating data as of the dates and for the periods indicated:

| | As of December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| Number of registered users *(in millions)* | 2.5 | 3.0 | 3.5 |
| Number of registered physician users *(in millions)* | 2.0 | 2.2 | 2.4 |

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| **Precision Marketing and Corporate Solutions:** | | | |
| Number of healthcare customers[1] | 42 | 61 | 81 |
| Number of healthcare products[2] | 99 | 144 | 191 |
| Engaged targeted physicians *(in thousands)* | 228.3 | 295.2 | 403.2 |
| Paid clicks *(in millions)* | 1.6 | 2.7 | 4.8 |
| **Medical Knowledge Solutions:** | | | |
| Paying users *(in thousands)* | 14.1 | 88.0 | 159.3 |

*Notes:*

(1) Represents the number of healthcare customers who used our precision marketing and corporate solutions during the period.

(2) Represents the number of healthcare products that were marketed using our precision marketing and corporate solutions during the period.

## SUMMARY OF FINANCIAL RESULTS

The following table sets forth our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenues for the periods indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | 2019 | | 2020 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | (in thousands, except percentages) | | | | | |
| **Revenue** | **83,463** | **100.0** | **121,569** | **100.0** | **213,529** | **100.0** |
| Cost of sales | (33,573) | (40.2) | (44,379) | (36.5) | (57,293) | (26.8) |
| Gross profit | 49,890 | 59.8 | 77,190 | 63.5 | 156,236 | 73.2 |
| Other income and gains | 99 | 0.1 | 96 | 0.1 | 1,543 | 0.7 |
| Selling and distribution expenses | (7,080) | (8.5) | (8,588) | (7.1) | (20,037) | (9.4) |
| Administrative expenses | (26,375) | (31.6) | (31,391) | (25.8) | (32,640) | (15.3) |
| Other expenses | (75) | (0.1) | (13) | — | (45) | — |
| Finance costs | (439) | (0.5) | (296) | (0.2) | (209) | (0.1) |
| **Profit before tax** | **16,020** | **19.2** | **36,998** | **30.4** | **104,848** | **49.1** |
| Income tax expense | (1,831) | (2.2) | (5,728) | (4.7) | (19,651) | (9.2) |
| **Profit for the year** | **14,189** | **17.0** | **31,270** | **25.7** | **85,197** | **39.9** |

## DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

### Revenues

During the Track Record Period, we generated revenues from three solution categories, namely (i) precision marketing and corporate solutions, which include precision marketing solutions and corporate solutions, (ii) medical knowledge solutions and (iii) intelligent patient management solutions. The following table sets forth our revenue breakdown by solution category both in absolute amounts and as percentages of our total revenues for the periods presented:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | 2019 | | 2020 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | (in thousands, except percentages) | | | | | |
| **Revenue:** | | | | | | |
| Precision marketing and corporate solutions: | | | | | | |
| Precision marketing solutions | 53,137 | 63.7 | 78,317 | 64.4 | 156,781 | 73.4 |
| Corporate solutions | 24,923 | 29.8 | 32,823 | 27.0 | 35,045 | 16.4 |
| Medical knowledge solutions | 1,349 | 1.6 | 5,311 | 4.4 | 9,113 | 4.3 |
| Intelligent patient management solutions | 4,054 | 4.9 | 5,118 | 4.2 | 12,590 | 5.9 |
| **Total** | **83,463** | **100.0** | **121,569** | **100.0** | **213,529** | **100.0** |

***Precision Marketing and Corporate Solutions***

*Precision Marketing Solutions*

Revenue from precision marketing solutions is primarily derived from fees paid by our healthcare customers for our digital detailing, digital marketing consulting and digital content creation services.

*Corporate Solutions*

Revenue from corporate solutions is primarily derived from fees paid by our healthcare customers for our digital market research, EDC and CDMS solutions, RWS support solutions, patient recruitment service and related application software development service.

***Medical Knowledge Solutions***

Revenue from medical knowledge solutions is primarily derived from provision of professional medical information covering continuing medical education and clinical decision support, including licensing software to physicians, other registered users, including other healthcare professionals, and pharmaceutical companies.

***Intelligent Patient Management Solutions***

Revenue from intelligent patient management solutions historically was primarily derived from fees paid by non-profit organizations with medical focus and pharmaceutical companies for provision of patient education services to patients and non-profit organizations, including content development, application software development and other related services, during the Track Record Period. We start to generate revenue from commissions on fees paid by patients for online consultation services and prescription services on our Internet hospital in 2021.

**Cost of Sales**

Our cost of sales consists of (i) employee benefit expenses relating to salaries and benefits for employees involved in operating our platform and developing content, (ii) content development cost primarily relating to fees paid to content contributors and service fees paid to content production service providers, (iii) technology service fees relating to cloud content delivery network and telecommunication services as well as licensing fees relating to MR-kun and external medical literature database and (iv) other expenses primarily relating to consulting fees, equipment rental expenses, travel and transportation expenses.

The following table sets forth a breakdown of our cost of sales by nature both in absolute amounts and as percentages of our revenues for the periods indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | 2019 | | 2020 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | (in thousands, except percentages) | | | | | |
| **Cost of sales:** | | | | | | |
| Employee benefit expenses | 20,006 | 24.0 | 22,943 | 18.9 | 22,997 | 10.8 |
| Content development cost | 7,284 | 8.7 | 13,373 | 11.0 | 23,935 | 11.2 |
| Technology service fee | 5,065 | 6.1 | 6,244 | 5.1 | 9,153 | 4.3 |
| Others | 1,218 | 1.5 | 1,819 | 1.5 | 1,208 | 0.6 |
| **Total** | **33,573** | **40.2** | **44,379** | **36.5** | **57,293** | **26.8** |

Our employee benefit expenses as a percentage of our revenue decreased during the Track Record Period, primarily due to improved efficiency of our workforce and effectiveness of our platform infrastructure. Decrease in such percentage in 2020 was also attributable to relocation of a portion of our workforce to lower-tier cities, which resulted in a decrease in average salary. Our content development cost as a percentage of our revenue increased from 2018 to 2019, as we outsourced more content development to meet the increased demand from our customers. Such percentage remained relatively stable in 2020 compared to 2019. Outsourced content development provides scalability to facilitate the growth of our business. However, we generally incur higher costs for outsourced content development, as compared to in-house content development, due to the markups charged by external content production service providers in addition to their costs. We also incur content development cost relating to fees paid to content contributors for expert views and opinions, which supplement our in-house content development capabilities.

Content related costs accounted for a large component of our cost of sales during the Track Record Period, which included (i) content development cost primarily relating to fees paid to content contributors and service fees paid to content production service providers, (ii) employee benefit expenses relating to salaries and benefits for employees involved in developing content and (iii) licensing fees relating to external medical literature database.

The following table sets forth a breakdown of our content related costs by nature both in absolute amounts and as percentages of our revenues for the periods indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | 2019 | | 2020 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | (in thousands, except percentages) | | | | | |
| **Content related costs:** | | | | | | |
| ***Content development cost:***[1] | | | | | | |
| Fees paid to content contributors | 704 | 0.8 | 1,556 | 1.3 | 7,658 | 3.6 |
| Service fees paid to content production service providers | 6,580 | 7.9 | 11,817 | 9.7 | 16,277 | 7.6 |
| ***Employee benefit expenses***[2] | 3,687 | 4.4 | 6,494 | 5.3 | 10,075 | 4.7 |
| ***Licensing fee relating to external medical literature database***[3] | 39 | — | 472 | 0.4 | 495 | 0.2 |
| **Total** | **11,010** | **13.2** | **20,339** | **16.7** | **34,505** | **16.2** |

*Notes:*

(1) The following table sets forth a breakdown of our content development cost by solution category:

| | Precision Marketing and Corporate Solutions | | | Medical Knowledge Solutions | | | Intelligent Patient Management Solutions | | |
|---|---|---|---|---|---|---|---|---|---|
| | For the Year Ended December 31, | | | | | | | | |
| | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 |
| | *(RMB in thousands)* | | | | | | | | |
| **Content development cost:** | | | | | | | | | |
| Fees paid to content contributors | 704 | 1,556 | 7,658 | — | — | — | — | — | — |
| Service fees paid to content production service providers | 6,319 | 11,465 | 14,321 | 40 | 40 | 422 | 221 | 312 | 1,534 |
| **Total** | **7,023** | **13,021** | **21,979** | **40** | **40** | **422** | **221** | **312** | **1,534** |

(2) Our content team is responsible for developing content for all solution categories, and we do not divide members of our content team by solution category. As a result, it is not practicable for us to allocate our employee benefit expenses by solution category in a reasonable way.

(3) Licensing fee is incurred to license medical knowledge content from external medical literature database for our medical knowledge solutions.

Fees paid to content contributors relate to expert consultation fees to KOLs we collaborate with to development content. KOLs' expert views and opinions supplement our in-house content development capabilities. Fees paid to content contributors increased both as an absolute amount and as a percentage of our revenue in 2019, as we increased collaboration with KOLs on streaming programs. Fees for streaming programs are typically more expensive than other types of collaboration, such as interviews and commentaries. Such fees increased further in 2020, as COVID-19 pandemic boosted demand for streaming programs. Service fees paid to content production service providers primarily relate to outsourced content development. Such fees increased both as an absolute amount and as a percentage of our revenue in 2019, as we conducted more livestreams of physical events, such as medical conferences, which resulted in higher production cost associated with outsourced video production services. Such fees decreased as a percentage of our revenue in 2020, due to a decrease in livestreams of physical events as a result of the impact of COVID-19 pandemic. Employee benefit expenses increased both as an absolute amount and as a percentage of our revenue in 2019, as we conducted more livestreams of physical events, such as medical conferences, which resulted in higher in-house production cost. Such expenses decreased as a percentage of our revenue in 2020 due to (i) a decrease in livestreams of physical events as a result of the impact of COVID-19 pandemic, partially offset by an increase in streaming programs, and (ii) relocation of a portion of our workforce to lower-tier cities, which resulted in a decrease in average salary.

The cost of sales relating to precision marketing solutions primarily consists of (i) employee benefit expenses primarily relating to salaries and benefits for employees involved in developing customized content, (ii) content development cost relating to fees paid to content contributors and service fees paid to content production service providers for developing customized content, and (iii) technology service fee relating to cloud content delivery network and telecommunication services incurred primarily for the purpose of delivering customized content to physicians as well as licensing fee relating to MR-kun. The cost of sales relating to corporate solutions primarily consists of (i) employee benefit expenses primarily relating to salaries and benefits for employees involved in developing and maintaining operating system for our SaaS services, and (ii) content development cost primarily relating to fees paid to survey participants in connection with developing digital market research content. The cost of sales relating to medical knowledge solutions primarily consists of (i) employee benefit expenses primarily relating to salaries and benefits for employees involved in developing medical knowledge content, (ii) content development cost relating to service fees paid to content production service providers for developing medical knowledge content, and (iii) technology service fee relating to cloud content delivery network and telecommunication services as well as licensing fee relating to external medical literature database. The cost of sales relating to intelligent patient management solutions primarily consists of (i) employee benefit expenses primarily relating to salaries and benefits for employees involved in developing web modules for our customers and developing patient education content, and (ii) content development cost relating to service fees paid to content production service providers for developing patient education content.

The following table sets forth a breakdown of our cost of sales by solution category both in absolute amounts and as percentages of our revenues for the periods indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | 2019 | | 2020 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | (in thousands, except percentages) | | | | | |
| **Cost of sales:** | | | | | | |
| Precision marketing and corporate solutions: | | | | | | |
| Precision marketing solutions | 17,598 | 21.1 | 24,191 | 19.9 | 35,975 | 16.8 |
| Corporate solutions | 10,759 | 12.9 | 14,587 | 12.0 | 14,685 | 6.9 |
| Medical knowledge solutions | 1,288 | 1.5 | 2,519 | 2.1 | 2,232 | 1.0 |
| Intelligent patient management solutions | 3,928 | 4.7 | 3,082 | 2.5 | 4,401 | 2.1 |
| **Total** | **33,573** | **40.2** | **44,379** | **36.5** | **57,293** | **26.8** |

**Gross Profit and Gross Margin**

The following table sets forth our gross profit by solution category both in absolute amounts and as percentages of respective revenues, or gross margin, for the periods indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | 2019 | | 2020 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | (in thousands, except percentages) | | | | | |
| **Gross profit and gross margin:** | | | | | | |
| Precision marketing and corporate solutions: | | | | | | |
| Precision marketing solutions | 35,539 | 66.9 | 54,126 | 69.1 | 120,806 | 77.1 |
| Corporate solutions | 14,164 | 56.8 | 18,236 | 55.6 | 20,360 | 58.1 |
| Medical knowledge solutions | 61 | 4.5 | 2,792 | 52.6 | 6,881 | 75.5 |
| Intelligent patient management solutions | 126 | 3.1 | 2,036 | 39.8 | 8,189 | 65.0 |
| **Total** | **49,890** | **59.8** | **77,190** | **63.5** | **156,236** | **73.2** |

Our gross profit increased during the Track Record Period as a result of revenue growth and margin expansion for each of our solution categories.

Gross margins for precision marketing solutions increased during the Track Record Period, primarily due to our increased economies of scale and a higher level of user engagement. We achieved increased economies of scale during the Track Record Period. As more physicians join our platform and their engagement increases, our entire platform benefits from better data insights and stronger network effects, which allow for faster, more accurate and more cost-efficient delivery of our solutions. This, in turn, attracts more pharmaceutical and medical device companies. Such increased effectiveness of our platform infrastructure coupled with better efficiency of our workforce contributed to our improved operating leverage. In addition, we were able to drive user engagement during the Track Record Period through our continued efforts to enhance the quality and breadth of professional medical information on our platform. Furthermore, our growing physician user base enables physicians on our platform to share knowledge with, and seek support from, a larger number of professional peers, which further increased the level of user

engagement on our platform during the Track Record Period. The increase in gross margin for precision marketing solutions in 2020 was also attributable to relocation of a portion of our workforce to lower-tier cities, which resulted in a decrease in average salary.

Gross margins for corporate solutions remained relatively stable in the Track Record Period.

Gross margins for medical knowledge solutions improved during the Track Record Period due to increases in revenues resulting from increased paying users and decreases in cost of sales as our platform achieved greater scale. Our improved service offerings, including up-to-date, personalized medical information, attracted more physicians to our platform and incentivized more physicians to pay for our medical information during the Track Record Period. The increase in gross margin for our medical knowledge solutions in 2020 was also attributable to a decrease in the costs for developing and managing our mobile applications and content related to medical knowledge solutions, as we completed major upgrades of our medical knowledge content in 2019. Gross margin for our medical knowledge solutions increased in 2019, as cost of sales for such solutions increased at a lower rate than revenue as a result of the rapid expansion of our paying users, as well as our greater scale.

Gross margins for intelligent patient management solutions improved during the Track Record Period due to our increased economies of scale. We achieved increased economies of scale during the Track Record Period. As more physicians join our platform and their engagement increases, our entire platform benefits from better data insights and stronger network effects, which allow for faster, more accurate and more cost-efficient delivery of our solutions. This, in turn, attracts more patients to our platform. Gross margin for our intelligent patient management solutions increased in 2020 due to improved operating leverage on higher revenue driven by increased economies of scale. Our revenue increased in 2020 compared to 2019, as our customers purchased more of our solutions to develop patient education content. Benefiting from our patient education system, we were able to develop content for more diseases and provide enhanced patient education modules (including streaming module that has better margin) in a more cost-efficient manner. Gross margin for our intelligent patient management solutions increased in 2019 due to higher revenue and decreased cost of sales as a result of reduced employee benefit expenses. We incurred more employee benefit expenses for developing a patient education system in 2018 to drive the growth of our intelligent patient management solutions, which expenses decreased in 2019. Our revenue increased in 2019 compared to 2018, as our customers purchased more of our solutions to develop patient education content. Benefiting from our patient education system, we were able to develop content for more diseases and provide patient education modules in a more cost-efficient manner.

**Other Income and Gains**

Other income and gains primarily consist of (i) bank interest income, (ii) investment income from financial assets at fair value through profit or loss and (iii) gain on lease modifications.

**Selling and Distribution Expenses**

Our selling and distribution expenses primarily consist of (i) expenses for promotion activities to drive user growth and engagement, (ii) employee benefit expenses relating to salaries and benefits for employees in selling and distribution functions and (iii) other expenses primarily relating to business development expenses.

Our selling and distribution expenses increased significantly in 2020 primarily due to our increased expenses for promotion activities to drive user growth and engagement. We expect our selling and distribution expenses to remain substantial in absolute amounts as we need to continue to conduct promotion activities to further expand our user base and drive user engagement.

The following table sets forth a breakdown of our selling and distribution expenses both in absolute amounts and as percentages of our revenues for the periods indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | 2019 | | 2020 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | (in thousands, except percentages) | | | | | |
| **Selling and distribution expenses:** | | | | | | |
| Promotion expenses | 3,137 | 3.8 | 3,818 | 3.1 | 13,354 | 6.3 |
| Employee benefit expenses | 3,414 | 4.1 | 4,291 | 3.6 | 6,227 | 2.9 |
| Others | 529 | 0.6 | 479 | 0.4 | 456 | 0.2 |
| **Total** | **7,080** | **8.5** | **8,588** | **7.1** | **20,037** | **9.4** |

**Administrative Expenses**

Our administrative expenses primarily consist of (i) research and development costs primarily relating to salaries and benefits for employees in research and development functions, (ii) employee benefit expenses relating to salaries and benefits for employees in management as well as general and administrative functions, (iii) depreciation of assets, which includes depreciation of right-of-use assets relating to our leases and depreciation of property, plant and equipment, (iv) taxes and surcharges, (v) maintenance expenses primarily relating to technology and

telecommunication service fees, as well as service fees for outsourced administrative services, (vi) impairment/(reversal of impairment) of trade receivables, and (vii) other expenses primarily relating to rent, travel and transportation expenses and general office expenses.

The following table sets forth a breakdown of our administrative expenses by nature both in absolute amounts and as percentages of our revenues for the periods indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | 2019 | | 2020 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | (in thousands, except percentages) | | | | | |
| Research and development costs | 12,151 | 14.5 | 14,992 | 12.4 | 15,701 | 7.4 |
| Employee benefit expenses | 5,264 | 6.3 | 5,963 | 4.9 | 6,661 | 3.1 |
| Depreciation of assets | 4,355 | 5.2 | 4,675 | 3.8 | 5,316 | 2.5 |
| Maintenance expenses | 2,099 | 2.5 | 2,112 | 1.7 | 1,770 | 0.8 |
| Taxes and surcharges | 496 | 0.6 | 661 | 0.5 | 1,546 | 0.7 |
| Impairment/(reversal of impairment) of trade receivables, net | 215 | 0.3 | 724 | 0.6 | (510) | (0.2) |
| Others | 1,795 | 2.2 | 2,264 | 1.9 | 2,156 | 1.0 |
| **Total** | **26,375** | **31.6** | **31,391** | **25.8** | **32,640** | **15.3** |

**Finance Costs**

Our finance costs consist of finance costs allocated from lease payments. Finance costs are charged to profit or loss over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period.

**Taxation**

We had income tax expenses of RMB1.8 million, RMB5.7 million, RMB19.7 million in 2018, 2019 and 2020, respectively. As of the Latest Practicable Date, we did not have any disputes with any tax authority.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. During the Track Record Period, only income tax in China has been provided. Our effective tax rate was 11.4%, 15.5% and 18.7% for 2018, 2019 and 2020, respectively. Effective tax rate is obtained by dividing the income tax expenses by profit before tax. The following summarizes major factors affecting our applicable tax rates in the Cayman Islands, Hong Kong and China.

***Cayman Islands***

We are incorporated under the laws of the Cayman Islands as an exempted company with limited liability under the Companies Act and are not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

***Hong Kong***

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profit tax at a rate of 16.5% for any taxable income earned in Hong Kong before April 1, 2018. Starting from the financial year commencing on April 1, 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million. During the Track Record Period, no Hong Kong profit tax on our subsidiary incorporated in Hong Kong has been provided because there was no assessable profits arising in Hong Kong during the Track Record Period.

***China***

Under the PRC Enterprise Income Tax Law effective from January 1, 2008, our PRC subsidiaries, and controlled affiliated entity and its subsidiary are subject to the statutory rate of 25%, subject to preferential tax treatments available to qualified enterprises in certain encouraged sectors of the economy.

Enterprises that qualify as "high and new technology enterprises" under the relevant EIT laws and regulations are entitled to a preferential rate of 15% for three years. In 2018, Jinye Tiancheng was qualified as a "high and new technology enterprise" under the relevant PRC laws and regulations, which will expire in 2021. Accordingly, Jinye Tiancheng was entitled to a preferential income tax rate of 15% during the Track Record Period. This status is subject to a requirement that Jinye Tiancheng re-applies for the "high and new technology enterprise" status every three years.

Our remaining PRC entities were subject to enterprise income tax at a rate of 25% in 2018, 2019 and 2020. Pursuant to the Enterprise Income Tax Law and the Enterprise Income Tax Implementation Regulations of the PRC, a 10% withholding tax is levied on dividends declared to foreign investors which are non-resident enterprises as defined under the laws from China. The withholding tax rate may be lowered to a minimum of 5% if there is a tax arrangement between China and the jurisdiction of the foreign investors. However, the 5% withholding tax rate does not automatically apply and certain requirements must be satisfied. During the Track Record Period, we did not pay any dividends or have any profit distribution plan.

## PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

### Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

#### *Revenue*

Our revenues increased by 75.6% from RMB121.6 million in 2019 to RMB213.5 million in 2020, primarily due to the revenue increase from our precision marketing solutions.

*Precision Marketing and Corporate Solutions*

Precision Marketing Solutions

Revenue from precision marketing solutions increased by 100.2% from RMB78.3 million in 2019 to RMB156.8 million in 2020, primarily due to an expansion of our healthcare customer base from 61 in 2019 to 81 in 2020, and an increase of number of healthcare products marketed using our precision marketing and corporate solutions from 144 in 2019 to 191 in 2020, resulting from user growth and increased user engagement. The high quality and breadth of content available on our platform attracted additional physicians to our platform and increased the level of user engagement in 2020, which in turn increased the attractiveness of our platform to pharmaceutical and medical device companies. The number of registered physician users increased from 2.2 million in 2019 to 2.4 million in 2020.

Corporate Solutions

Revenue from corporate solutions increased by 6.8% from RMB32.8 million in 2019 to RMB35.0 million in 2020, primarily due to an expansion of our healthcare customer base from 61 in 2019 to 81 in 2020.

*Medical Knowledge Solutions*

Revenue from medical knowledge solutions increased by 71.6% from RMB5.3 million in 2019 to RMB9.1 million in 2020, primarily due to an increase of paying users from 88.0 thousand in 2019 to 159.3 thousand in 2020, as a result of the expansion of our user base and the superior user experience we offer.

*Intelligent Patient Management Solutions*

Revenue from intelligent patient management solutions increased by 146.0% from RMB5.1 million in 2019 to RMB12.6 million in 2020, as our solutions covered more diseases and offered superior user experience.

***Cost of Sales***

Our cost of sales increased by 29.1% from RMB44.4 million in 2019 to RMB57.3 million in 2020, which reflected the growth of our business. The increase in our cost of sales was primarily due to an increase in our content development costs from RMB13.4 million in 2019 to RMB23.9 million in 2020 as a result of the business expansion of precision marketing solutions.

*Precision Marketing and Corporate Solutions*

Precision Marketing Solutions

Cost of sales related to precision marketing solutions increased by 48.7% from RMB24.2 million in 2019 to RMB36.0 million in 2020, primarily due to an increase in our content development costs as a result of the increase in number of healthcare products marketed using our precision marketing solutions as described above.

Corporate Solutions

Cost of sales related to corporate solutions remained relatively stable in 2020. We recorded cost of sales related to corporate solutions of RMB14.6 million and RMB14.7 million in 2019 and 2020, respectively.

*Medical Knowledge Solutions*

Cost of sales related to medical knowledge solutions decreased by 11.4% from RMB2.5 million in 2019 to RMB2.2 million in 2020, primarily due to a decrease in the costs for developing and managing our mobile applications and content related to medical knowledge solutions as we completed major upgrades of our medical knowledge content in 2019.

*Intelligent Patient Management Solutions*

Cost of sales related to intelligent patient management solutions increased by 42.8% from RMB3.1 million in 2019 to RMB4.4 million in 2020, primarily due to an increase in our content development costs related to intelligent patient management solutions to cover more diseases and offer superior user experience.

***Gross Profit***

As a result of the foregoing, our overall gross profit in 2019 and 2020 were RMB77.2 million and RMB156.2 million, respectively, and our overall gross margin was 63.5% and 73.2%, respectively. The increase of our overall gross margin was a result of margin expansion for each of our solution categories.

*Precision Marketing and Corporate Solutions*

Precision Marketing Solutions

Gross margin for our precision marketing solutions increased from 69.1% in 2019 to 77.1% in 2020, as cost of sales increased at a lower rate than revenue, which was primarily due to our increased economies of scale and a higher level of user engagement.

Corporate Solutions

Gross margin for our corporate solutions was 58.1% in 2020, which was relatively stable compared to 55.6% in 2019.

*Medical Knowledge Solutions*

Gross margin for our medical knowledge solutions increased from 52.6% in 2019 to 75.5% in 2020 due to the increase in revenue and decrease in the cost of sales as described above.

*Intelligent Patient Management Solutions*

Gross margin for our intelligent patient management solutions increased from 39.8% in 2019 to 65.0% in 2020, primarily due to our increased economies of scale.

***Other Income and Gains***

Our other income increased by 1,507.3% from RMB0.1 million in 2019 to RMB1.5 million in 2020, primarily due to (i) the increase in bank interest income from RMB0.1 million in 2019 to RMB0.4 million in 2020 as a result of an increase in bank balances, (ii) the recognition of investment income from financial assets at fair value through profit or loss, which were structured deposit products, in the amount of RMB0.6 million in 2020, and (iii) the recognition of gain on lease modifications in the amount of RMB0.5 million in 2020 resulting from early termination of a lease due to change in lessor.

***Selling and Distribution Expenses***

Our selling and distribution expenses increased by 133.3% from RMB8.6 million in 2019 to RMB20.0 million in 2020, primarily due to (i) a significant increase in promotion expenses from RMB3.8 million in 2019 to RMB13.4 million in 2020, which was in turn primarily due to an increased level of promotion activities to drive user growth and engagement in 2020, and (ii) an increase in employee benefit expenses from RMB4.3 million in 2019 to RMB6.2 million in 2020, primarily resulting from increased headcount of our sales staff.

Selling and distribution expenses as a percentage of revenue increased from 7.1% in 2019 to 9.4% in 2020, primarily due to the significant increase in promotion expenses as described above.

***Administrative Expenses***

Our administrative expenses increased by 4.0% from RMB31.4 million in 2019 to RMB32.6 million in 2020, primarily due to (i) an increase in employee benefit expenses from RMB6.0 million in 2019 to RMB6.7 million in 2020, primarily resulting from increased headcount of our employees in general and administrative functions and (ii) an increase in research and development costs from RMB15.0 million in 2019 to RMB15.7 million in 2020, primarily resulting from increased headcount of our research and development staff, partially offset by a decrease in impairment of trade receivables. We recognized impairment of trade receivables in the amount of RMB0.7 million in 2019 and reversal of impairment of trade receivables in the amount of RMB0.5 million in 2020, as we collected trade receivables more effectively in 2020.

Administrative expenses as a percentage of revenue declined from 25.8% in 2019 to 15.3% in 2020 as our revenue grew at a much faster rate, resulting from increased economies of scale and improved operational efficiency.

***Finance Costs***

Our finance costs decreased by 29.4% from RMB0.3 million in 2019 to RMB0.2 million in 2020, primarily due to a decrease in rent, as we replaced a lease in 2020.

***Profit before Tax***

As a result of the foregoing, our profit before tax increased by 183.4% from RMB37.0 million in 2019 to RMB104.8 million in 2020.

***Income Tax Expense***

Our income tax expense increased by 243.1% from RMB5.7 million in 2019 to RMB19.7 million in 2020 due to an increase in our current tax, resulting from the increase in our profit before tax and an increase in deferred tax expenses. Our effective tax rate increased from 15.5% in 2019 to 18.7% in 2020, which was primarily due to an increase in profit from entities subject to the statutory tax rate.

***Profit for the Year***

As a result of the foregoing, our profit increased by 172.5% from RMB31.3 million in 2019 to RMB85.2 million in 2020.

**Year Ended December 31, 2019 Compared to Year Ended December 31, 2018**

***Revenue***

Our revenues increased by 45.7% from RMB83.5 million in 2018 to RMB121.6 million in 2019, primarily due to the revenue increase from our precision marketing solutions.

*Precision Marketing and Corporate Solutions*

Precision Marketing Solutions

Revenue from precision marketing solutions increased by 47.4% from RMB53.1 million in 2018 to RMB78.3 million in 2019, primarily due to an expansion of our healthcare customer base from 42 in 2018 to 61 in 2019, and an increase of number of healthcare products marketed using our precision marketing and corporate solutions from 99 in 2018 to 144 in 2019, resulting from user growth and increased user engagement. The high quality and breadth of content available on our platform attracted additional physicians to our platform and increased the level of user engagement in 2019, which in turn increased the attractiveness of our platform to pharmaceutical and medical device companies. The number of registered physician users increased from 2.0 million as of December 31, 2018 to 2.2 million as of December 31, 2019.

Corporate Solutions

Revenue from corporate solutions increased by 31.7% from RMB24.9 million in 2018 to RMB32.8 million in 2019, primarily due to an expansion of our healthcare customer base from 42 in 2018 to 61 in 2019.

*Medical Knowledge Solutions*

Revenue from medical knowledge solutions increased by 293.7% from RMB1.3 million in 2018 to RMB5.3 million in 2019, primarily due to an increase of paying users from 14.1 thousand in 2018 to 88.0 thousand in 2019, as a result of the expansion of our user base and the superior user experience we offer.

*Intelligent Patient Management Solutions*

Revenue from intelligent patient management solutions increased by 26.2% from RMB4.1 million in 2018 to RMB5.1 million in 2019, as our solutions covered more diseases and offered superior user experience.

***Cost of Sales***

Our cost of sales increased by 32.2% from RMB33.6 million in 2018 to RMB44.4 million in 2019, which reflected the growth of our business. The increase in our cost of sales was primarily due to (i) an increase in our content development costs from RMB7.3 million in 2018 to RMB13.4 million in 2019, primarily resulting from the business expansion of precision marketing solutions, (ii) an increase in employee benefit expenses from RMB20.0 million to RMB22.9 million, primarily resulting from increased headcount for employees involved in operating our platform and developing content, and (iii) an increase in technology service fees from RMB5.1 million to RMB6.2 million, primarily resulting from our business expansion.

*Precision Marketing and Corporate Solutions*

Precision Marketing Solutions

Cost of sales related to precision marketing solutions increased by 37.5% from RMB17.6 million in 2018 to RMB24.2 million in 2019, primarily due to an increase in our content development costs as a result of the increase in number of healthcare products marketed using our precision marketing solutions as described above.

Corporate Solutions

Cost of sales related to corporate solutions increased by 35.6% from RMB10.8 million in 2018 to RMB14.6 million in 2019 commensurate with the revenue growth of our corporate solutions.

*Medical Knowledge Solutions*

Cost of sales related to medical knowledge solutions increased by 95.6% from RMB1.3 million in 2018 to RMB2.5 million in 2019, primarily due to the increase in the costs for developing and managing our mobile applications and content related to medical knowledge solutions, particularly major upgrades of our medical knowledge content in 2019.

*Intelligent Patient Management Solutions*

Cost of sales related to intelligent patient management solutions decreased by 21.5% from RMB3.9 million in 2018 to RMB3.1 million in 2019, primarily due to a decrease in our employee benefit expenses. We incurred more employee benefit expenses for developing a patient education system in 2018 to drive the growth of our intelligent patient management solutions, which expenses decreased in 2019.

***Gross Profit***

As a result of the foregoing, our overall gross profit in 2018 and 2019 were RMB49.9 million and RMB77.2 million, respectively, and our overall gross margin was 59.8% and 63.5%, respectively. The increase of our overall gross margin was a result of margin expansion for our precision marketing solutions, medical knowledge solutions and intelligent patient management solutions.

*Precision Marketing and Corporate Solutions*

Precision Marketing Solutions

Gross margin for our precision marketing solutions increased from 66.9% in 2018 to 69.1% in 2019, as cost of sales increased at a lower rate than revenue, which was primarily due to our increased economies of scale and a higher level of user engagement.

Corporate Solutions

Gross margin for our corporate solutions was 55.6% in 2019, which was relatively stable compared to 56.8% in 2018.

*Medical Knowledge Solutions*

Gross margin for our medical knowledge solutions increased from 4.5% in 2018 to 52.6% in 2019, as cost of sales increased at a lower rate than revenue, as a result of the rapid expansion of our paying users, as well as our greater scale.

*Intelligent Patient Management Solutions*

Gross margin for our intelligent patient management solutions increased from 3.1% in 2018 to 39.8% in 2019, primarily due to our increased economies of scale.

***Selling and Distribution Expenses***

Our selling and distribution expenses increased by 21.3% from RMB7.1 million in 2018 to RMB8.6 million in 2019, primarily due to (i) an increase in promotion expenses from RMB3.1 million in 2018 to RMB3.8 million in 2019, which was in turn primarily due to an increased level of promotion activities to drive user growth and engagement in 2019, and (ii) an increase in employee benefit expenses from RMB3.4 million in 2018 to RMB4.3 million in 2019, primarily resulting from an increase in performance-based salary for our employees in selling and distribution functions.

Selling and distribution expenses as a percentage of revenue decreased from 8.5% in 2018 to 7.1% in 2019 as our revenue grew at a much faster rate resulting from increased economies of scale and improved operational efficiency.

***Administrative Expenses***

Our administrative expenses increased by 19.0% from RMB26.4 million in 2018 to RMB31.4 million in 2019, primarily due to (i) an increase in employee benefit expenses from RMB5.3 million in 2018 to RMB6.0 million in 2019, primarily resulting from an increase in average salary for our employees in general and administrative functions, (ii) an increase in research and development costs from RMB12.2 million in 2018 to RMB15.0 million in 2019, primarily resulting from increased headcount of our research and development staff and grant of performance-based bonus, (iii) an increase in depreciation of assets from RMB4.4 million in 2018 to RMB4.7 million in 2019, resulting from spending on office renovation and IT equipment to support our business expansion, (iv) an increase in impairment of trade receivables from RMB0.2 million in 2018 to RMB0.7 million due to an increase in our trade receivables resulting from the growth of our business.

Administrative expenses as a percentage of revenue declined from 31.6% in 2018 to 25.8% in 2019 as our revenue grew at a much faster rate resulting from increased economies of scale and improved operational efficiency.

***Finance Costs***

Our finance costs decreased by 32.6% from RMB0.4 million in 2018 to RMB0.3 million in 2019, as lease liabilities decreased over the period of our leases.

***Profit before Tax***

As a result of the foregoing, our profit before tax increased by 130.9% from RMB16.0 million in 2018 to RMB37.0 million in 2019.

***Income Tax Expense***

Our income tax expense increased by 212.8% from RMB1.8 million in 2018 to RMB5.7 million in 2019, primarily due to an increase in our current tax resulting from the increase in our profit before tax. Our effective tax rate increased from 11.4% in 2018 to 15.5% in 2019, which was primarily due to an increase in profit from entities subject to the statutory tax rate.

***Profit for the Year***

As a result of the foregoing, our profit increased by 120.4% from RMB14.2 million in 2018 to RMB31.3 million in 2019.

## DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

### Current Assets/Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated.

| | As of December 31, | | | As of April 30, |
|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2021 |
| | | | | (Unaudited) |
| | (in thousands of RMB) | | | |
| **Current assets** | | | | |
| Trade receivables | 26,024 | 35,643 | 42,480 | 34,219 |
| Contract assets | 11,133 | 23,282 | 15,761 | 15,295 |
| Prepayments, other receivables and other assets | 2,799 | 3,225 | 3,026 | 7,177 |
| Cash and cash equivalents | 16,530 | 38,883 | 147,095 | 172,554 |
| **Total current assets** | **56,486** | **101,033** | **208,362** | **229,245** |

| | As of December 31, | | | As of April 30, |
|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2021 |
| | | | | (Unaudited) |
| | (in thousands of RMB) | | | |
| **Current liabilities** | | | | |
| Trade payables | 2,454 | 2,634 | 6,265 | 8,484 |
| Other payables and accruals | 23,663 | 32,422 | 45,231 | 44,823 |
| Lease liabilities | 3,036 | 3,016 | 2,591 | 2,618 |
| Tax payable | 1,186 | 6,919 | 9,991 | 5,481 |
| Due to a shareholder | — | — | — | 6,467 |
| **Total current liabilities** | **30,339** | **44,991** | **64,078** | **67,873** |
| **Net current assets** | **26,147** | **56,042** | **144,284** | **161,372** |

As of December 31, 2018 and 2019 and 2020 and April 30, 2021, we had net current assets of RMB26.1 million, RMB56.0 million, RMB144.3 million and RMB161.4 million, respectively. Our net current assets position as of each of these dates was primarily attributable to our large balance of cash and cash equivalents, trade receivables and contract assets, partially offset by our other payables and accruals, tax payable, lease liabilities, and trade payables. The amount of RMB6.5 million due to a shareholder as of April 30, 2021 was related to the interest free loan from Tiantian, which is non-trade in nature. We plan to allocate HK$7.8 million out of the gross proceeds from the Global Offering to repay such loan, which becomes due and payable upon our Listing. We used the loan proceeds to pay for certain of our listing expenses payable to our professional service providers located outside of the PRC.

***Trade Receivables***

The following table sets forth a breakdown of our trade receivables as of the dates indicated:

| | As of December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | (in thousands of RMB) | | |
| Trade receivables | 26,345 | 36,688 | 43,015 |
| Impairment | (321) | (1,045) | (535) |
| **Total** | **26,024** | **35,643** | **42,480** |

Our trade receivables increased by 37.0% from RMB26.0 million as of December 31, 2018 to RMB35.6 million as of December 31, 2019 and further increased by 19.2% to RMB42.5 million as of December 31, 2020. The increase was primarily due to the significant growth of our business, especially the growth of our precision marketing solutions. Impairment of trade receivables increased from RMB0.3 million as of December 31, 2018 to RMB1.0 million as of December 31, 2019, primarily due to (i) the increase in trade receivables and (ii) the management's assessment of credit risk exposure at the end of the period. Impairment of trade receivables decreased from RMB1.0 million as of December 31, 2019 to RMB0.5 million as of December 31, 2020, primarily due to more efficient collection of trade receivables.

RMB39.5 million, or 91.8%, of our trade receivables before deduction of loss allowance as of December 31, 2020 had been settled as of April 30, 2021.

The following table sets forth our trade receivables turnover days for the Track Record Period:

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | | (days) | |
| Trade receivables turnover days | 123.1 | 93.3 | 67.2 |

*Note:*

(1) Trade receivables turnover days for a period are calculated using the average of open balance and closing balance of the trade receivables before deduction of loss allowance for such period divided by revenue for the relevant period and multiplied by 360 days.

Our trade receivables turnover days were 123.1 days, 93.3 days and 67.2 days in 2018, 2019 and 2020, respectively. The decrease was primarily due to more efficient collection of trade receivables. In addition, the decrease in trade receivables turnover days in 2020 was also due to a higher mix of projects with shorter settlement periods, which reduced our average settlement period.

The following table sets forth an aged analysis of our trade receivables, based on the invoice dates and net of loss allowance, as at the dates indicated:

| | As of December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | (in thousands of RMB) | | |
| Within 6 months | 24,659 | 33,248 | 42,179 |
| 6 to 12 months | 1,056 | 1,860 | 152 |
| 1 to 2 years | 198 | 479 | 136 |
| 2 to 3 years | 111 | 56 | 13 |
| **Total** | **26,024** | **35,643** | **42,480** |

***Contract Assets***

Our contract assets represent our right to consideration in exchange for goods or services transferred to the customer before the customer pays the consideration or before payment is due. Our contract assets increased by 109.1% from RMB11.1 million as of December 31, 2018 to RMB23.3 million as of December 31, 2019, which was primarily due to the significant growth of sales from our precision marketing and corporate solutions. Our contract assets decreased by 32.3% from RMB23.3 million as of December 31, 2019 to RMB15.8 million as of December 31, 2020 due to shorter average fulfillment periods.

RMB8.2 million, or 52.3%, of our contract assets as of December 31, 2020 had been settled as of April 30, 2021. The remaining portion of the contract assets as of December 31, 2020 had not been settled as of April 30, 2021, due to longer fulfillment periods in respect of the unsettled amount. Contract assets are subject to impairment assessment. As of the date of this prospectus, we do not expect material settlement risks with respect to the remaining portion of the contract assets as of December 31, 2020.

The following table sets forth a breakdown of our contract assets by solution category as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | (in thousands of RMB) | | |
| **Contract assets arising from:** | | | |
| Precision marketing and corporate solutions | 10,740 | 22,288 | 15,239 |
| Intelligent patient management solutions | 393 | 994 | 522 |
| **Total** | **11,133** | **23,282** | **15,761** |

The following table sets forth our trade receivables and contract assets turnover days for the Track Record Period:

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | (days) | | |
| Trade receivables and contract assets turnover days | 157.0 | 144.3 | 100.1 |

*Note:*

(1) Trade receivables and contract assets turnover days for a period are calculated using the average of open balance and closing balance of the trade receivables before deduction of loss allowance and contract assets for such period divided by revenue for the relevant period and multiplied by 360 days.

***Prepayments, Other Receivables and Other Assets***

Prepayments, other receivables and other assets primarily comprise (i) prepayments relating to advances to suppliers and (ii) deposits and other receivables primarily relating to security deposits for our leases and petty cash funds for employees.

The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | (in thousands of RMB) | | |
| Prepayments | 1,354 | 1,251 | 1,426 |
| Deposits and other receivables | 1,445 | 1,974 | 1,600 |
| **Total** | **2,799** | **3,225** | **3,026** |

Our prepayments remained relatively stable during the Track Record Period.

Our deposits and other receivables increased by 36.6% from RMB1.4 million as of December 31, 2018 to RMB2.0 million as of December 31, 2019, primarily due to the increase in petty cash funds for employees to support the growth of our business. Our deposits and other receivables decreased by 18.9% from RMB2.0 million as of December 31, 2019 to RMB1.6 million as of December 31, 2020, primarily due to a decrease in petty cash funds for our employees resulting from our improved cash management policies.

***Trade Payables***

Trade payables represent our obligation to pay for goods or services that have been purchased from suppliers in the ordinary course of business. Trade payables are generally due for settlement within one to six months and therefore are all classified as current liabilities.

The following table sets forth an ageing analysis of the trade payables based on the invoice date as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | (in thousands of RMB) | | |
| Within 3 months | 820 | 515 | 3,503 |
| 3 to 6 months | 374 | 108 | 185 |
| 6 to 12 months | 154 | 421 | 340 |
| Over 1 year | 1,106 | 1,590 | 2,237 |
| **Total** | **2,454** | **2,634** | **6,265** |

Our trade payables was RMB2.6 million as of December 31, 2019, which was relatively stable compared to RMB2.5 million as of December 31, 2018. Our trade payables increased significantly from RMB2.6 million as of December 31, 2019 to RMB6.3 million as of December 31, 2020, primarily due to our increased procurement, which was in line with our business expansion.

RMB1.1 million, or 17.6% of our trade payables as of December 31, 2020 had been settled as of April 30, 2021. The trade payables of approximately RMB2.2 million aged over one year as of December 31, 2020 were attributable to fees payable to M3, one of our Controlling Shareholders, for obtaining a license of certain know-how related to MR-kun. As M3 is one of our Controlling Shareholders and our strategic partner, we have a close business relationship with M3. During the Track Record Period, we did not settle the trade payables to M3 regularly as M3 did not consider there to be any settlement risk. The RMB2.2 million trade payables due to M3 will be fully settled by December 31, 2021, as agreed with M3. Pursuant to the Amended and Restated License Agreement, going forward, we shall pay M3 the license and service fees for the license of know-how related to MR-kun which accrue during each calendar quarter within 30 calendar days after the end of each quarter. During the Track Record Period and as of April 30, 2021, we did not experience any material disputes or disagreements with our major suppliers relating to the relevant trade payables.

The following table sets forth our trade payables turnover days for the Track Record Period:

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | | (days) | |
| Trade payables turnover days | 30.1 | 20.6 | 28.0 |

*Note:*

(1) Trade payables turnover days for a period are calculated using the average of open balance and closing balance of the trade payables for such period divided by cost of sales for the relevant period and multiplied by 360 days.

Turnover days in 2019 decreased, as we accommodated our suppliers' request for shorter settlement period at the end of 2019 due to an early holiday season. The increase in turnover days in 2020 reflects our normal settlement periods with our existing suppliers and an increase in suppliers with longer credit periods due to our increased procurement.

***Other Payables and Accruals***

Other payables and accruals consist of payroll payables relating to unpaid employee salary and welfare (including the accrued shortfall of social insurance and housing fund contributions), contract liabilities, taxes other than income tax, deferred revenue, accrued expenses and other payables. Contract liabilities represent our obligation to transfer goods or services to a customer for which we have received payment from the customer or the payment is due.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | (in thousands of RMB) | | |
| Payroll payables | 16,521 | 19,773 | 19,924 |
| Contract liabilities | 4,542 | 6,046 | 16,915 |
| Taxes other than income tax | 1,737 | 2,871 | 3,284 |
| Deferred revenue | 165 | 2,519 | 2,724 |
| Accrued expenses | 581 | 1,204 | 2,156 |
| Other payables | 117 | 9 | 228 |
| **Total** | **23,663** | **32,422** | **45,231** |

Our other payables and accruals increased by 37.0% from RMB23.7 million as of December 31, 2018 to RMB32.4 million as of December 31, 2019 and further increased by 39.5% to RMB45.2 million as of December 31, 2020, primarily due to (i) increases in our payroll payables as a result of our increased headcount, (ii) increases in contract liabilities primarily due to short-term advances received from customers of our precision marketing and corporate solutions as a result of the significant growth of our business and (iii) increase in deferred revenue and accrued expenses as a result of the significant growth of our business.

| | As of December 31, | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | (in thousands of RMB) | | |
| **Short-term advances received from customers** | | | |
| Precision marketing and corporate solutions | 4,182 | 5,407 | 15,969 |
| Intelligent patient management solutions | 360 | 639 | 946 |
| **Total** | **4,542** | **6,046** | **16,915** |

**Non-Current Assets/Liabilities**

| | As of December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | (in thousands of RMB) | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4,167 | 4,649 | 2,617 |
| Right-of-use assets | 6,850 | 4,526 | 12,571 |
| Deferred tax assets | 2,445 | 3,591 | 3,509 |
| **Total non-current assets** | **13,462** | **12,766** | **18,697** |
| **Non-current liabilities** | | | |
| Lease liabilities | 4,334 | 1,786 | 9,484 |
| Deferred tax liabilities | 317 | 790 | 2,083 |
| **Total non-current liabilities** | **4,651** | **2,576** | **11,567** |
| **Net non-current assets** | **8,811** | **10,190** | **7,130** |

***Property, Plant and Equipment***

Our property, plant and equipment primarily consist of electronic equipment, office equipment and leasehold improvements. Our property, plant and equipment increased by 11.6% from RMB4.2 million as of December 31, 2018 to RMB4.6 million as of December 31, 2019, primarily due to our spending on office renovation and IT equipment to meet increased demand of daily operation, which is in line with our business growth and headcount increase. Our property, plant and equipment decreased by 43.7% from RMB4.6 million as of December 31, 2019 to RMB2.6 million as of December 31, 2020, primarily due to higher amount of depreciation compared to capital expenditure in the period.

***Right-of-use Assets***

Our right-of-use assets represent our leased office premises. Our right-of-use assets decreased by 33.9% from RMB6.9 million as of December 31, 2018 to RMB4.5 million as of December 31, 2019, primarily due to depreciation charge for the year of RMB2.9 million, partially offset by additions of RMB0.6 million. Our right-of-use assets increased by 177.8% from RMB4.5 million as of December 31, 2019 to RMB12.6 million as of December 31, 2020, primarily due to additions of RMB12.5 million as we renewed our material leases, partially offset by depreciation charge of RMB2.7 million and reduction as a result of lease modifications in the amount of RMB1.8 million.

***Deferred Tax Assets***

Our deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. We recorded deferred tax assets of RMB2.4 million, RMB3.6 million and RMB3.5 million as of December 31, 2018, 2019 and 2020, respectively.

***Lease Liabilities***

Our lease liabilities included in non-current liabilities represent the present value of lease payments to be made over the lease term. Our lease liabilities decreased by 58.8% from RMB4.3 million as of December 31, 2018 to RMB1.8 million as of December 31, 2019, as we allocated more lease liabilities to current liabilities due to the fact that our material leases would expire in 2020. Our lease liabilities increased by 431.0% from RMB1.8 million as of December 31, 2019 to RMB9.5 million as of December 31, 2020, as we renewed our material leases.

## KEY FINANCIAL RATIOS

The following tables set forth our key financial ratios/metrics for the periods indicated.

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| **Profitability** | | | |
| Total revenue growth (%) | — | 45.7 | 75.6 |
| Gross margin[1] (%) | 59.8 | 63.5 | 73.2 |
| Net margin[2] (%) | 17.0 | 25.7 | 39.9 |

| | As of December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| **Liquidity** | | | |
| Current ratio[3] | 1.9 | 2.2 | 3.3 |
| Quick ratio[4] | 1.9 | 2.2 | 3.3 |

*Notes:*

(1) Gross margin is calculated by dividing gross profit by our revenue.

(2) Net margin is calculated by dividing net profit by our revenue.

(3) Current ratio is calculated by dividing current assets by current liabilities.

(4) Quick ratio is calculated by dividing current assets less inventories by current liabilities.

See "— Year Ended December 31, 2020 Compared to Year Ended December 31, 2019" and "— Year Ended December 31, 2019 Compared to Year Ended December 31, 2018" for a discussion of the factors affecting our results of operations during the respective periods.

## LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we had historically met our working capital and other capital requirements primarily through capital contribution from shareholders and cash generated from our operating activities.

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, the net proceeds received from the Global Offering and other funds raised from the capital markets from time to time. We currently do not have any plans for material additional external financing.

The following table sets forth a summary of our cash flows for the periods indicated:

| | As of December 31, | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | (in thousands of RMB) | | |
| Cash generated from operations | 23,765 | 28,871 | 126,252 |
| Income tax paid | (1,674) | (668) | (15,204) |
| Net cash flows from operating activities | 22,091 | 28,203 | 111,048 |
| Net cash flows (used in)/from investing activities | (3,101) | (2,426) | 13 |
| Net cash flows used in financing activities | (5,846) | (3,428) | (2,834) |
| Net increase in cash and cash equivalents | 13,144 | 22,349 | 108,227 |
| Cash and cash equivalents at beginning of year | 3,372 | 16,530 | 38,883 |
| Effect of foreign exchange rate changes, net | 14 | 4 | (15) |
| **Cash and cash equivalents at end of year** | **16,530** | **38,883** | **147,095** |

We had net cash generated from operating activities of RMB22.1 million, RMB28.2 million and RMB111.0 million in 2018, 2019 and 2020, respectively, primarily due to our significant revenue growth and improved profitability. We plan to maintain and improve our operating cash flow by (i) growing revenue from all solution categories, (ii) maintaining gross margin at a reasonable level while increasing the sale of our solutions, (iii) enhancing operating leverage from administrative expenses and selling and distribution expenses, and (iv) maintaining and improving our trade receivables and trade payables turnover days.

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, the conditional special interim dividend of RMB92 million declared on June 18, 2021 which is expected to be distributed after Listing and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next twelve months from the date of this prospectus.

**Net Cash Generated from Operating Activities**

In 2020, our net cash generated from operating activities was RMB111.0 million, which was primarily attributable to our profit before tax of RMB104.8 million, as adjusted by (i) non-cash items, which primarily comprised depreciation of right-of-use assets of RMB2.7 million and depreciation of property, plant and equipment of RMB2.7 million, partially offset by investment income from financial assets at fair value through profit or loss of RMB0.6 million and reversal of impairment of trade receivables of RMB0.5 million; and (ii) changes in working capital, which primarily comprised an increase in other payables and accruals of RMB12.8 million, an decrease in contract assets of RMB7.5 million and an increase in trade payables of RMB3.6 million, partially offset by an increase in trade receivables of RMB6.3 million. Our other payables and accruals increased primarily due to increase in (i) payroll payables as a result of headcount expansion to support our business, (ii) short-term advances received from customers of our precision marketing and corporate solutions and (iii) deferred revenue and accrued expenses as a result of the significant growth of our business. Our contract assets decreased primarily due to shorter average fulfillment periods of our projects. Our trade payables increased primarily due to our increased procurement, which was in line with our business expansion. Our trade receivables increased primarily due to the significant growth of our business.

In 2019, our net cash generated from operating activities was RMB28.2 million, which was primarily attributable to our profit before tax of RMB37.0 million, as adjusted by (i) non-cash items, which primarily comprised depreciation of right-of-use assets of RMB2.9 million, depreciation of property, plant and equipment of RMB1.9 million and impairment of trade receivables of RMB0.7 million; and (ii) changes in working capital, which primarily comprised an increase in contract assets of RMB12.1 million and an increase in trade receivables of RMB10.3 million, partially offset by an increase in other payables and accruals of RMB8.8 million. Our

contract assets and trade receivables increased primarily due to the significant growth of sales from our precision marketing and corporate solutions. Our other payables and accruals increased primarily due to increase in (i) payroll payables as a result of headcount expansion to support our business, (ii) short-term advances received from customers of our precision marketing and corporate solutions and (iii) deferred revenue and accrued expenses as a result of the significant growth of our business.

In 2018, our net cash generated from operating activities was RMB22.1 million, which was primarily attributable to our profit before tax of RMB16.0 million, as adjusted by (i) non-cash items, which primarily comprised depreciation of right-of-use assets of RMB3.0 million, depreciation of property, plant and equipment of RMB1.3 million and finance costs of RMB0.4 million; and (ii) changes in working capital, which primarily comprised an increase in other payables and accruals of RMB6.0 million and a decrease in trade receivables of RMB4.4 million, partially offset by an increase in contract assets of RMB6.5 million. Our contract assets increased primarily due to the growth of sales from our precision marketing and corporate solutions. Our other payables and accruals increased primarily due to increase in (i) payroll payables as a result of headcount expansion to support our business and (ii) short-term advances received from customers of our precision marketing and corporate solutions. Our trade receivables decreased primarily due to more efficient collection during the period.

**Net Cash Generated from/(Used in) Investing Activities**

In 2020, our net cash generated from investing activities was RMB13 thousand, which was primarily attributable to proceeds from disposal of financial assets at fair value through profit or loss of RMB132.6 million, which were structured deposit products, partially offset by purchases of financial assets at fair value through profit or loss of RMB132.0 million, relating to structured deposit products, and purchases of items of property, plant and equipment of RMB0.6 million.

Our structured deposit products had a maturity period ranging from 30 days to 95 days, all of which had become matured and were repaid as of December 31, 2020. The structured deposit products were purchased as part of our cash management and treasury measures from a state-controlled licensed commercial bank, and they were principal-protected with a guaranteed minimum interest rate and a floating interest rate linked to certain foreign exchange rates.

In 2019, our net cash used in investing activities was RMB2.4 million, which was primarily attributable to purchases of items of property, plant and equipment of RMB2.4 million.

In 2018, our net cash used in investing activities was RMB3.1 million, which was primarily attributable to purchases of items of property, plant and equipment of RMB3.1 million.

**Net Cash Used in Financing Activities**

In 2020, our net cash used in financing activities was RMB2.8 million, which was primarily attributable to the principal portion of our lease payments of RMB2.6 million and interest paid for lease liabilities of RMB0.2 million.

In 2019, our net cash used in financing activities was RMB3.4 million, which was primarily attributable to the principal portion of our lease payments of RMB3.1 million and interest paid for lease liabilities of RMB0.3 million.

In 2018, our net cash used in financing activities was RMB5.8 million, which was primarily attributable to the principal portion of our lease payments of RMB3.1 million, repayments to directors of RMB2.4 million for loans previously borrowed from them, and interest paid for lease liabilities of RMB0.4 million.

**Cash Management and Treasury Policy**

As part of our cash management and treasury measures, we invested some of our surplus funds in structured deposit products in 2020 and may continue to do so in the future. Given the structured deposits are principal-protected with an upside potential of earning a more attractive return than the prevailing interest rate for time deposits with similar tenor, we considered purchasing structured deposit products to be in the interest of our Group, particularly, in the current low interest rate environment. Our finance department is responsible for identifying deposit products with low-risk and the appropriate levels of expected returns. We will only invest in principal-protected structured deposit products offered by state-controlled or reputable licensed commercial banks that are considered low-risk and offer higher rates of return than time deposits.

**INDEBTEDNESS**

**Borrowings**

As of December 31, 2018, 2019 and 2020 and April 30, 2021, we did not have any bank borrowings. We did not have any unutilized banking facilities as at the Latest Practicable Date.

### Lease Liabilities

The following table shows the lease liabilities as of the dates indicated.

| | As of December 31, | | | As of April 30, |
|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2021 |
| | | | | (Unaudited) |
| | (in thousands of RMB) | | | |
| **Lease liabilities** | | | | |
| — Current portion | 3,036 | 3,016 | 2,591 | 2,618 |
| — Non-current portion | 4,334 | 1,786 | 9,484 | 8,807 |
| Total | 7,370 | 4,802 | 12,075 | 11,425 |

Except as discussed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date.

## CAPITAL EXPENDITURES AND LONG-TERM INVESTMENTS

Our capital expenditures consist of purchases of items of property, plant and equipment. The following table sets forth our capital expenditures for the periods indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | (in thousands of RMB) | | |
| Purchases of items of property, plant and equipment | 3,101 | 2,426 | 626 |
| **Total** | **3,101** | **2,426** | **626** |

Our capital expenditures decreased by 21.8% from RMB3.1 million for 2018 to RMB2.4 million for 2019, and further decreased by 74.2% to RMB0.6 million for 2020, primarily due to our spending on office renovation and IT equipment in 2018 and 2019 to meet increased demand of daily operation.

We plan to fund our planned capital expenditures using cash generated from operating activities and net proceeds received from the Global Offering. See the section "Future Plans and Use of Proceeds" in this prospectus for more details. We may reallocate the fund to be utilized on capital expenditure based on our ongoing business needs.

See "Business — Risk Management and Internal Control — Investment Risk Management" for a discussion of our investment policy and investment risk management.

## CONTRACTUAL OBLIGATIONS

As of December 31, 2018, 2019 and 2020, we did not have any significant commitments.

## CONTINGENT LIABILITIES

As of December 31, 2018, 2019 and 2020 and April 30, 2021, respectively, we did not have any material contingent liabilities.

## OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

## MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, we entered into a number of related party transactions, primarily including (i) transactions with M3 and certain of its subsidiaries for providing them with corporate solutions, (ii) transaction with certain subsidiary of M3 for purchasing license to use its software, (iii) transaction with M3 for obtaining a license of certain know-how related to MR-kun, (iv) transactions with Jinye Tiansheng, a company controlled by Ms. Tian Liping, for purchasing customer support services, which will be discontinued upon Listing, and (v) repayments to Ms. Tian Liping and Mr. Tian Lixin for loans previously borrowed from them.

We had the following transactions with related parties during the Track Record Period:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | (in thousands of RMB) | | |
| **Corporate solutions provided to:** | | | |
| M3 | 371 | 193 | 225 |
| Certain subsidiaries of M3 | 2,535 | 3,646 | 3,468 |
| | 2,906 | 3,839 | 3,693 |
| **Software licensing fee to:** | | | |
| Certain subsidiary of M3 | 63 | 94 | 305 |
| **License and service fees to:** | | | |
| M3 | 884 | 991 | 906 |
| **Outsourcing fee to:** | | | |
| Jinye Tiansheng | 1,152 | 1,462 | 1,375 |
| **Repayments to:** | | | |
| Tian Liping | 2,000 | — | — |
| Tian Lixin | 350 | — | — |
| | 2,350 | — | — |

The following table sets forth the outstanding balances of our transactions with related parties as of the dates indicated:

| | As of December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | (in thousands of RMB) | | |
| **Contract assets** | | | |
| Certain subsidiaries of M3 | 872 | 1,491 | 432 |
| **Prepayments** | | | |
| Jinye Tiansheng | 524 | 306 | — |
| **Trade payables** | | | |
| M3 | 1,895 | 2,476 | 3,046 |

As of December 31, 2018, 2019 and 2020, the outstanding balances of our transactions with related parties were all trade in nature.

Our Directors believe that the related party transactions were carried out on an arm's length basis and will not distort our results during the Track Record Period or make such results not reflective of our future performance.

## FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including foreign exchange risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our senior management.

### Foreign Exchange Risk

The functional currency of our entities incorporated in the Cayman Islands and Hong Kong is US$. Our PRC subsidiaries and Consolidated Affiliated Entities determined their functional currency to be RMB. Foreign exchange risk arises when future commercial transactions or recognized financial assets and liabilities are denominated in a currency that is not the respective functional currency of our entities.

During the Track Record Period, exchange gains and losses from those foreign currency transactions denominated in a currency other than the functional currency were insignificant.

### Credit Risk

Our credit risk is mainly associated with cash and cash equivalents, contract assets, trade receivables and other receivables. We trades only with recognized and creditworthy third parties. The carrying amounts of each class of the above financial assets represent our maximum exposure to credit risk in relation to financial assets.

Our cash and cash equivalents are mainly deposited in state-owned or reputable financial institutions in Mainland China and reputable international financial institutions outside of Mainland China. There has been no recent history of default in relation to these financial institutions. We consider these financial assets having a low credit risk, as they have a low risk of default and each related counterparty has a strong capacity to meet its contractual cash flow obligations in the near term.

For trade receivables and other receivables, our management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience. We believe that there is no material credit risk inherent in our outstanding balance of trade receivables and other receivables.

**Liquidity Risk**

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, our policy is to regularly monitor our liquidity risk and to maintain adequate cash and cash equivalents or adjust financing arrangements to meet our liquidity requirements.

We manage liquidity risk by holding liquid assets (including currency funds and financial assets held for trading) of appropriate quality and quantity to ensure that short term funding requirements are covered within prudent limits. Adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material demand for payments in the ordinary course of business.

The table below analyses our financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows of the financial liabilities.

| | On demand | Less than 3 months | 3 to 12 months | 1 to 3 years | Over 3 years | Total |
|---|---|---|---|---|---|---|
| | | | (in thousands of RMB) | | | |
| **As of December 31, 2018** | | | | | | |
| Trade payables | 2,454 | — | — | — | — | 2,454 |
| Lease liabilities | — | 876 | 2,453 | 4,518 | — | 7,847 |
| Financial liabilities included in other payables and accruals | 117 | — | — | — | — | 117 |
| **As of December 31, 2019** | | | | | | |
| Trade payables | 2,634 | — | — | — | — | 2,634 |
| Lease liabilities | — | 730 | 2,460 | 1,823 | — | 5,013 |
| Financial liabilities included in other payables and accruals | 9 | — | — | — | — | 9 |
| **As of December 31, 2020** | | | | | | |
| Trade payables | 6,265 | — | — | — | — | 6,265 |
| Lease liabilities | — | 665 | 2,355 | 5,499 | 4,726 | 13,245 |
| Financial liabilities included in other payables and accruals | 228 | — | — | — | — | 228 |

## SPECIAL DIVIDEND

On June 18, 2021 we declared a special interim dividend of RMB92 million, which amount is determined with reference to the level of distributable reserves of our Group available for distribution to our Shareholders as of December 31, 2020. The special interim dividend is conditional upon Listing and is payable to all existing Shareholders, Tiantian and M3, in the proportion of 50:50. A dividend of RMB92 million will first be declared and paid by Jinye Tiancheng to Kingyee HK. The same amount will then be declared and paid by Kingyee HK to our Company and subsequently such same amount will be paid by our Company to Tiantian and M3 as the special interim dividend. The special interim dividend will be paid to Tiantian and M3 before September 30, 2021 and will be funded using the cash and bank balances and cash flows from operating activities of our Company. In connection with the special dividend, our PRC Legal Adviser is of the view that applicable PRC laws and regulations do not prohibit the distribution of distributable profits by our PRC subsidiaries to their shareholders, including offshore shareholders. However, such distribution by our PRC subsidiaries to offshore shareholders will attract withholding tax of 10% of the amount of distribution. Taking into account the special interim dividend amount of RMB92 million, the withholding tax is expected to be RMB9.2 million. We have made provision of an amount of RMB2.1 million for such withholding tax as of December 31, 2020. The remaining withholding tax amount of RMB7.1 million will be accounted for in our financial statements for the year ending December 31, 2021 pursuant to HKAS 12 (Income Taxes) and the withholding tax will have negative impact on our net profit for the year ending December 31, 2021.

## FUTURE DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year determined according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRSs. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, where appropriate. During the Track Record Period, no dividends have been paid or declared by us.

## WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, the conditional special interim dividend of RMB92 million declared on June 18, 2021 which is expected to be distributed after Listing and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present needs and for the next twelve months from the date of this prospectus.

We had positive cash flows from operations during the Track Record Period. Our net cash generated from operating activities was RMB22.1 million, RMB28.2 million, and RMB111.0 million, respectively, in 2018, 2019 and 2020. Our Directors confirm that we had no material defaults in payment of trade and non-trade payables during the Track Record Period.

## DISTRIBUTABLE RESERVES

As of December 31, 2020, the amount of distributable reserves of our Group available for distribution to our Shareholders was RMB146 million.

## LISTING EXPENSES

Based on the mid-point Offer Price of HK$25.65, the total estimated listing expenses in relation to the Global Offering (assuming that the Over-Allotment Option is not exercised and all discretionary incentive fees in the Global Offering are paid in full) is approximately RMB172.4 million. No listing expense was incurred during the Track Record Period. We estimate that we will incur listing expenses of RMB172.4 million, of which RMB25.3 million will be charged to our consolidated statements of profit or loss for 2021. The balance of approximately RMB147.1 million, which mainly includes underwriting commission, is expected to be accounted for as a deduction from equity upon the completion of the Global Offering.

## UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma statement of our adjusted combined net tangible assets attributable to owners of our Company 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 for illustration purposes only is set out below to illustrate the effect of the Global Offering on our audited combined tangible assets less liabilities attributable to owners of our Company as of December 31, 2020, as if the Global Offering had taken place on that date.

The unaudited pro forma statement of our adjusted combined net tangible assets attributable to owners of our Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of our combined net tangible assets, had the Global Offering been completed as of December 31, 2020 or at any future dates.

The following unaudited pro forma statement of our adjusted combined net tangible assets attributable to owners of our Company is prepared based on our audited combined tangible assets less liabilities attributable to owners of our Company as of December 31, 2020 as derived from the Accountants' Report in Appendix I to this prospectus, and adjusted as described below.

| | **Consolidated net tangible assets attributable to owners of the Company as at 31 December 2020** | **Estimated net proceeds from the Global Offering** | **Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at 31 December 2020** | **Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2020** | **Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2020** |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB* | *(HK$ equivalent)* |
| | *(Note 1)* | *(Note 2)* | | *(Note 3)* | *(Note 4)* |
| Based on an Offer Price of HK$24.10 per Share | 151,414 | 2,944,009 | 3,095,423 | 4.48 | 5.39 |
| Based on an Offer Price of HK$27.20 per Share | 151,414 | 3,326,762 | 3,478,176 | 5.04 | 6.06 |

*Notes:*

1. The consolidated net tangible assets attributable to owners of the Company as at 31 December 2020 is 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 estimated offer prices of HK$24.10 or HK$27.20 per Share after deduction of the underwriting fees and other related expenses payable by our Company and do not take into account any Shares which may be issued upon exercise of the Over-allotment Option.

3. The share subdivision of one share into 1,000 Shares was implemented on March 29, 2021. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share are calculated based on the share subdivision having been completed and 690,176,000 Shares in issue immediately upon the completion of the Global Offering assuming that the Global Offering has been completed on December 31, 2020 for the purpose of the pro forma financial information and does not take into account any Shares which may be issued upon exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Schemes.

4. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share are converted into Hong Kong dollars at an exchange rate of RMB0.8315 to HK$1.00.

5. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company have not taken into account the special interim dividend of RMB92 million. Had the special interim dividend been taken into account, the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company per Share would be HK$5.23 (equivalent to RMB4.35) per Share (based on an Offer Price of HK$24.10) or HK$5.90 (equivalent to RMB4.91) per Share (based on an Offer Price of HK$27.20 per Share).

6. No adjustment has been made to reflect any trading results or open transactions of the Group entered into subsequent to December 31, 2020.

## NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2020, which is the end date of the periods reported on in the Accountants' Report included in Appendix I to this prospectus, and there is no event since December 31, 2020 that would materially affect the information as set out in the Accountants' Report included in Appendix I to this prospectus.

## DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, 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

See the section headed "Business — Strategies" for a detailed description of our future plans.

## USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$3,770.8 million after deducting the underwriting commissions and other estimated expenses paid and payable by us in relation to the Global Offering, assuming an Offer Price of HK$25.65 per Share, being the mid-point of the indicative Offer Price range of HK$24.10 to HK$27.20 per Share, and that the Over-allotment Option is not exercised.

We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

- approximately 40% of the net proceeds (approximately HK$1,508.3 million) is intended to be used for business expansion in the next three to five years, including developing and enhancing our solution offerings, expanding our customer base and foster customer loyalty and driving user growth and engagement;

- approximately 30% of the net proceeds (approximately HK$1,131.2 million) is intended to be used to invest in our technology and enhance our research and development capabilities in the next three to five years;

- approximately 20% of the net proceeds (approximately HK$754.2 million) is intended to be used to selectively pursue strategic investments or acquisitions opportunities. We plan to explore opportunities to invest in, or to acquire, the equity interest of companies that can generate convincing synergies with our existing solutions offerings, expand our customer base and/or enhance our technological capabilities. In particular, we will consider businesses that have the capabilities to provide patients with comprehensive condition-specific chronic disease management services and businesses that possess strong research and development capabilities in the field of AI-powered diagnostic and treatment support technologies. We expect to select and pursue one to three potential targets depending on the scale of the targets, and to focus on targets in top-tier cities in China, which are more likely to have strong team, established customer base and superior research and development capabilities. As of the Latest Practicable Date, we had not identified any potential acquisition or investment targets and had not set any definitive acquisition or investment timeframe; and

- approximately 10% of the net proceeds (approximately HK$377.1 million) is intended to be used for the general replenishment of our working capital and for other general corporate purposes.

The following table sets forth the implementation plans, expected timeframe and the amount and percentage of net proceeds in respect of our business expansion and investment in technology and enhancement of research and development capabilities.

**A. Business Expansion**

| (1) enhance our medical knowledge solutions and enrich medical knowledge information and tools on our platform | **Amount and percentage of Net Proceeds**<br><br>12% (approximately HK$452.5 million) |
|---|---|
| **Implementation plan** | **Expected timeframe** |
| (i) enhance our *Disease Knowledge Database* to cover the main diseases and symptoms of each clinical specialty by recruiting medical experts in various fields to create more content and make it a more comprehensive clinical decision support tool at the point of care; | before December 2025 |
| (ii) expand our information offerings by providing reports on the latest clinical developments, expanding the information sources and types of content, and enhance the readability of the content; | before December 2022 |
| (iii) develop a physician-facing professional search engine to help physicians find quality resources on the Internet more efficiently; | before June 2023 |
| (iv) invest in products that are designed to enhance physicians' clinical skills through interactive online training programs, knowledge bank boutique courses and exam training platform; | before December 2023 |

| | |
|---|---|
| (v) recruit and retain approximately 100 medical editors with a master's degree or above and over two years of clinical and pharmacy experience, approximately 40 content designers with more than two years of experience in art design, 3D modeling, and animation design to expand our content team and strengthen our content development capabilities, approximately 30 software development engineers with search functions development experience, and approximately 10 other personnel responsible for product and platform operations; and | before December 2025 |
| (vi) purchase and license more high-quality content from third-party medical content sources such as articles published in medical journals and clinical guidelines published by medical associations to further build up our content library of the *Clinical Guides* and journals. | before December 2022 |
| (2) improve patient care offerings | **Amount and percentage of Net Proceeds**<br><br>10% (approximately HK$377.1 million) |
| **Implementation plan** | **Expected timeframe** |
| (i) develop more digital health management tools to cover more disease and develop a set of patient management models based on the characteristics of each disease, including disease diagnosis, full-process management, patient education, online consultation and prescriptions; | before December 2025 |

| | |
|---|---|
| (ii) further develop and enhance our Internet hospital to cover more diseases with our online medical consultation and drug prescription services by cooperating with more external physicians and recruiting physicians to join our patient management platform; | before December 2025 |
| (iii) provide and produce more professional and disease education information for patients to meet their needs and the general public to raise their awareness of chronic diseases; and | before December 2025 |
| (iv) recruit and retain approximately 30 medical professionals with a master's degree or above and clinical medicine and pharmacy experience who will be responsible for content production, approximately 50 developers with experience in app, web, mini programs and front-end development, approximately 50 experienced health management consultants to cooperate with physicians to better manage patients, approximately 100 platform operations specialists to recruit physicians and support physicians and patients, and approximately 20 other personnel responsible for product and platform operations,<br><br>with an aim to increase the number of patients who use our platform to approximately 7 million in the next five years. | before December 2025 |

| (3) strengthen intelligent clinical research solutions | **Amount and percentage of Net Proceeds**<br><br>8% (approximately HK$301.7 million) |
|---|---|
| **Implementation plan**<br><br>build a comprehensive intelligent contract clinical research platform by developing solutions and digital infrastructure that enable faster patient recruitment and informed site selection such as intelligent project management, data management modules, and statistical analysis functions. We will retain and recruit approximately 50 developers with experience in app, web, mini programs and front-end development, approximately 50 operations staff with experience in promotion and operation of clinical research platform and approximately 20 product and project managers. | **Expected timeframe**<br><br>before December 2023 |
| (4) strengthen our relationships with our existing customers and develop and attract additional customers in pharmaceutical, biotechnology and medical device industries | **Amount and percentage of Net Proceeds**<br><br>7% (approximately HK$264.0 million) |
| **Implementation plan**<br><br>(i) hire approximately 50 account managers with extensive knowledge of healthcare industry and over two years of experience, approximately 90 project managers in charge of project coordination and execution and approximately 10 assistants and other personnel; and | **Expected timeframe**<br><br>before December 2025 |

| | |
|---|---|
| (ii) continue to invest in developing and offering more digital marketing solutions, as well as adding new features to our existing solutions such as developing a more intelligent precision digital marketing platform, intelligent promotion based on user portraits and new promotion models,<br><br>with an aim to increase the number of customers in pharmaceutical, biotechnology and medical device industries who use our platform to approximately 200 in the next five years. | before December 2025 |
| (5) enhance user growth and engagement through targeted sales and marketing activities | **Amount and percentage of Net Proceeds**<br><br>3% (approximately HK$113.1 million) |
| **Implementation plan**<br><br>enhance user growth and engagement through targeted sales and marketing activities such as marketing on other Internet platforms and at conferences held by medical associations, with an aim to increase the number of registered users to approximately 5 million, around 3.5 million of whom are licensed in the next five years. | **Expected timeframe**<br><br>before December 2025 |

**B. Investment in technology and enhancement of research and development capabilities**

| (i) recruit talent and collaborate with experts | **Amount and percentage of Net Proceeds**<br><br>15% (approximately HK$565.6 million) |
|---|---|
| **Implementation plan** | **Expected timeframe** |
| (i) recruit and retain leading scientists and researchers in the fields of AI and big data as well as engineering specialists and approximately 80 professional talents with over two years of experience in products, medical statistics, big data analysis, natural language processing, deep learning algorithms and medical informatics research to further enhance our technology capabilities in the areas of machine learning, natural language processing, knowledge graph and user understanding, and leading medical scientists and researchers to strengthen our research capabilities in the field of medical ontology, and our knowledge of medical data collection standards, such as CDISC/CDASH, and continue to build our medical knowledge graph; and | before December 2023 |
| (ii) to collaborate with approximately 20 leading experts from the school of computer science of leading universities such as Tsinghua University (清華大學) and Nankai University (南開大學) in the fields related to algorithm and AI and medical experts, such as engaging them as advisory consultants for our Medical Information Science Research Unit. | before December 2023 |

| (ii) develop and expand the application scenarios of our technology, particularly, machine learning, natural language processing, knowledge graph and user understanding | **Amount and percentage of Net Proceeds**<br><br>10% (approximately HK$377.1 million) |
|---|---|
| **Implementation plan** | **Expected timeframe** |
| (i) recruit and retain approximately 70 developers with experience in app, web, mini programs and front-end development and improve the functions of our mobile applications by including new function modules and optimizing user experience; | before December 2025 |
| (ii) enhance our customized and precise content recommendation capability by improving the user subscription system and establishing an intelligent recommendation model based on user behavior data; | before December 2023 |
| (iii) enhance the clinical functionality and efficiency of our health chatbot and support physicians at the point of care with smart and accurate Q&A solutions and functionalities with more application scenarios such as providing medical knowledge for physicians and providing answers to patients about diseases; | before December 2023 |

| | |
|---|---|
| (iv) invest in automated clinical decision support tool and physician prescription behavior intelligent analysis system that are capable of analyzing and anticipating physicians' drug prescribing patterns to improve diagnosis and save time; | before June 2024 |
| (v) develop auxiliary screening diagnosis and treatment systems to cover more diseases and machine transcription and translation solutions for online conferences with greater efficiency and accuracy to better serve physicians; | before June 2024 |
| (vi) develop a bio-genetics platform for areas such as tumor genetics database and immune system-related disease database to help physicians better understand the relationships between genes, diseases and drugs; and | before December 2024 |
| (vii) develop auxiliary tools using virtual reality and 3D graphics technologies for medical training and education, patient communication and pre-surgical planning, such as a medical training and education platform with advanced tools and greater interactions. | before December 2024 |

| (iii) build up our data center and strengthen the computing power and storage capabilities of our IT infrastructure | **Amount and percentage of Net Proceeds**<br><br>5% (approximately HK$188.5 million) |
|---|---|
| **Implementation plan**<br><br>equip our research and development teams with additional high performance graphics processing units, as well as additional advanced servers (including applications, data and resources storage, disaster recovery backup, AI big data and cloud host functions), to further increase the efficiency of our algorithm training process and build up our data center facilities and AI computing center facilities. We will recruit and retain approximately 20 developers with experience in data storage, server operation and maintenance and purchase specialty security systems such as firewalls, intrusion prevention systems, web applicable firewalls to secure our data center facilities and AI computing center facilities. We will also increase our spending on cloud infrastructure and environment, and rent additional server cabinets in server rooms across the country with large bandwidths to support our platform, data center facilities and AI computing center facilities and applications development and testing as well as to host our online services to users. | **Expected timeframe**<br><br>before June 2023 |

We plan to allocate HK$7.8 million from the gross proceeds to repay an interest free loan in the amount of US$1.0 million from Tiantian, which is non-trade in nature and becomes due and payable upon our Listing. We used the loan proceeds to pay for certain of our listing expenses payable to our professional service providers located outside of the PRC. As we do not maintain cash outside of the PRC, we paid such expenses with an interest free loan from Tiantian to shorten the payment processing time. None of the costs or expenses relating to our Group's operations or capital expenditures during the Track Record Period and up to the Latest Practicable Date were borne by any related parties or connected persons of our Group or any other third parties without being charged back to our Group.

The above allocation of use of net proceeds is projected based on our current business plan and the amount of net proceeds that we expect to receive from the Global Offering. If we are unable to raise the amount of net proceeds from the Global Offering as we expect, we plan to scale down our planned expenditure on investments or acquisitions to prioritize funding for the expansion of our business initiatives. Based on the current business plan, we expect to finance any difference between our major costs and expenses and the net proceeds from the Global Offering through cash flows generated from our business and our existing cash on hand.

In the event that the Offer Price is set at the high point or the low point of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK$230.2 million. Under such circumstances, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the additional net proceeds that we will receive will be approximately HK$571.3 million, assuming an Offer Price of HK$25.65 per Share, being the mid-point of the indicative Offer Price range. We may be required to issue up to an aggregate of 23,264,000 additional Shares pursuant to the Over-allotment Option.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our plan as intended, we may hold such funds in short-term deposits in licensed financial institutions so long as it is deemed to be in the best interests of our Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

Since we are an offshore holding company, we will need to make capital contributions and loans to our PRC subsidiaries or through loans to our Consolidated Affiliated Entities such that the net proceeds of this offering can be used in the manner described above. Such capital contributions and loans are subject to a number of limitations and approval processes under PRC laws and regulations. There are no costs associated with registering loans or capital contributions with relevant PRC authorities, other than nominal processing charges. Under PRC laws and regulations, the PRC governmental authorities are required to process such approvals or registrations or deny our application within a prescribed period, which are usually less than 90 days. The actual time taken, however, may be longer due to administrative delay. We cannot assure you that we can obtain the approvals from the relevant governmental authorities, or complete the registration and filing procedures required to use our net proceeds as described above, in each case on a timely basis, or at all. This is because PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries or Consolidated Affiliated Entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

## HONG KONG UNDERWRITERS

Goldman Sachs (Asia) L.L.C.

Haitong International Securities Company Limited

China International Capital Corporation Hong Kong Securities Limited

## UNDERWRITING ARRANGEMENTS

### Hong Kong Public Offering

#### *Hong Kong Underwriting Agreement*

The Hong Kong Underwriting Agreement was entered into on June 29, 2021. Pursuant to the Hong Kong Underwriting Agreement, we are offering 15,510,000 Hong Kong Public Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on the terms and subject to the conditions in this prospectus and the GREEN Application Form at the Offer Price.

Subject to the Stock Exchange granting the listing of, and permission to deal in, Shares in issue and to be issued pursuant to the Global Offering (including any Shares that may be issued under the Over-allotment Option and any Shares which may be issued upon the exercise of options granted or to be granted under the Share Option Schemes), and certain other conditions set out in the Hong Kong Underwriting Agreement (including, amongst others, the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters)) and the Company, agreeing upon the Offer Price), the Hong Kong Underwriters have agreed, severally but not jointly, to subscribe, or procure subscribers to subscribe, for the Hong Kong Public Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions 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 Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) shall in their sole discretion be entitled to terminate the Hong Kong Underwriting Agreement, by notice (orally or in writing) to the Company, with immediate effect, if prior to 8:00 a.m. on the Listing Date:

(A) there develops, occurs, exists or comes into force:

(a) any new law or regulation or any change or development involving a prospective change in 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, Singapore, Japan, the United States, the United Kingdom, the European Union (or any member thereof) and Cayman Islands (each a "**Relevant Jurisdiction**"); or

(b) any change or development involving a prospective change or development, or any event or series of events likely to result in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions or any monetary or trading settlement system (including, without limitation, conditions in stock markets, money and foreign exchange markets and inter-bank markets) in or affecting any Relevant Jurisdiction; or

(c) any event or series of events in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, largescale outbreaks, escalation, mutation or aggravation of diseases (including, without limitation, SARS, swine or avian flu, H5N1, H1N1, H7N9, contagious coronavirus (COVID-19) and such related/mutated forms), economic sanctions, strikes, labour disputes, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting any Relevant Jurisdiction; or

(d) 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 of generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(e) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent governmental authority), New York (imposed at Federal or New York State level or other competent Governmental Authority), London, the PRC, Japan, Singapore, the European Union (or any member thereof) or any Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or

(f) any (A) change or prospective change in exchange controls, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollars or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollars is linked to that of the United States dollars or RMB is linked to any foreign currency or currencies), or (B) change or prospective change in Taxation in any Relevant Jurisdiction adversely affecting an investment in the Shares; or

(g) the issue or requirement to issue by the Company of a supplemental or amendment to this prospectus, GREEN Application Form, preliminary offering circular or offering circular or other documents in connection with the offer and sale of the Shares pursuant to the Companies Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange or the SFC; or

(h) any change or development involving a prospective change which has the effect of materialisation of any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(i) any litigation or claim being threatened or instigated against the Company, any member of the Group, any Director or any of the Controlling Shareholders; or

(j) any contravention of the Companies Ordinance, the PRC Company Law or the Listing Rules by the Company, any member of the Group, any Director or any of the Controlling Shareholders; or

(k) any of the chairman, chief executive officer, Director of the Company vacating his office, or a governmental authority or a regulatory body or organisation in any Relevant Jurisdiction commencing any investigation or action or other Proceedings, or announcing an intention to investigate or take other action or Proceedings against any member of the Group or any of the chairman, chief executive officer or the Director of the Company, or any of them being charged with an indictable offence or prohibited by operation of Laws or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political, regulatory body of any action against any Director or any announcement by any governmental, political, regulatory body that it intends to take any such action; or

(l) any valid demand by creditors for repayment of indebtedness of any member of the Group, or any member of the Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager being 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

(m) any order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or

(n) a prohibition on the Company for whatever reason from allotting, issuing or selling the Shares (including the Over-allotment Option Shares) pursuant to the terms of the Global Offering; or

(o) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction on the Company or any member of the Group;

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters): (A) is or will be or may be materially adverse to, or materially and prejudicially affects, the assets, liabilities, business, general affairs, management, shareholder's equity, profit, losses, results of operations, position or condition (financial or otherwise), or prospects of the Company or the Group as a whole; or (B) has or will have or may have a material adverse effect on the success of the Global Offering or the level of Offer Shares being applied for or accepted or subscribed for or purchased or the distribution of Offer Shares and/or has made or is likely to make it impracticable or inadvisable or incapable for any material part of Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or (C) makes or will make it or may make it impracticable or inadvisable or incapable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus, the GREEN Application Form, the Formal Notice, the preliminary offering circular or the offering circular; or (D) would have or may have the effect of making a part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents 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 Representatives (for themselves and on behalf of the Hong Kong Underwriters):

(a) that any statement contained in the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto but excluding the information relating to the Underwriters for use in such documents, namely the marketing name, legal name, logo and address of such Underwriters) was or has become untrue, incomplete, incorrect or misleading in any material respect, or any forecasts, estimate, expressions of opinion, intention or expectation expressed in the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications so issued or used are not, in any material respect, fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole; or

(b) any material contravention by any member of the Group or any Director of any Law; or

(c) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Law; or

(d) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, not having been disclosed in this prospectus, constitutes a material omission therefrom; or

(e) either (i) there has been a breach of any of the representations, warranties, undertakings or provisions of either the Hong Kong Underwriting Agreement or the International Underwriting Agreement by the Company or the Controlling Shareholders or (ii) any of the representations, warranties and undertakings given by the Company or the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable, is (or would when repeated be) untrue, incorrect, incomplete or misleading; or

(f) any event, act or omission which gives or is likely to give rise to any liability of the Company or the Controlling Shareholders pursuant to the indemnities given by the Company under the Hong Kong Underwriting Agreement; or

(g) any litigation or dispute or potential litigation or dispute, which would materially affect the operation, financial condition, reputation or composition of the board of the Group; or

(h) any material breach of any of the obligations of the Company and the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(i) any breach of, or any event rendering any of the Warranties (as defined in the Hong Kong Underwriting Agreement) untrue or incorrect or misleading; or

(j) 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 it respectively appears, has withdrawn its respective consent (other than the Joint Sponsors) prior to the issue of this prospectus; or

(k) any material adverse change or prospective material adverse change or development involving a prospective adverse change in the assets, business, general affairs, management, profits, losses, results of operations, in the position or condition (financial or otherwise) or prospects of the Group, as a whole; or

(l) Admission (as defined in the Hong Kong Underwriting Agreement) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the Admission is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(m) the Company has withdrawn this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

then the Joint Representatives may (for themselves and on behalf of the Hong Kong Underwriters), in their sole and absolute discretion and upon giving notice orally or in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

***Undertakings to the Stock Exchange pursuant to the Listing Rules***

*(A) 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 of our Company (whether or not of a class already listed) or form the subject of any agreement to such issue within six months from date on which our Shares first commence dealing on the Stock Exchange (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), except pursuant to the Global Offering (including the exercise of the Over-allotment Option) or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

*(B) Undertakings by the Controlling Shareholders*

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to us that, except pursuant to the Global Offering or for any lending of the Shares pursuant to the Stock Borrowing Agreement, he/she/it will not (and will procure that the relevant registered holder(s) will not):

(i) in the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this document and ending on the date which is six months from the Listing Date, 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 he/she/it is shown by this document to be the beneficial owner; and

(ii) during the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, 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 or securities referred to in the immediately preceding paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a Controlling Shareholder or a group of controlling shareholders of us,

in each case, save as permitted under the Listing Rules.

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 us that, within the period commencing on the date by reference to which disclosure of his/her/its shareholding in us is made in this document and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, he/she/it will:

(a) when he/she/it pledges or charges any Shares or other securities beneficially owned by him/her/it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of the Shares so pledged or charged; and

(b) when he/she/it 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 us of such indications.

***Undertakings pursuant to the Hong Kong Underwriting Agreement***

*(A) Undertakings by our Company*

Our Company has undertaken to the Joint Global Coordinators, the Joint Sponsors, the Joint Representatives, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and each of them not to (except pursuant to the Global Offering, including pursuant to the exercise of the Over-allotment Option, and any Shares which may be issued upon the exercise of options granted or to be granted under the Share Option Schemes), without the prior written consent of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date falling six months after the Listing Date (the "**First Six-Month Period**"):

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or 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, or repurchase, any legal or beneficial interest in the share capital or any other securities of the Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represents the right to receive, or any warrants or other rights to purchase any share capital or other securities of the Company, as applicable), or deposit any share capital or other securities of the Company with a depositary in connection with the issue of depositary receipts; 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 (legal or beneficial) of the Shares or any other securities of the Company 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 share capital or other securities of the 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 agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or other securities of our Company in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six-Month Period).

In the event that, during the six-month period commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), our Company is allowed to enter into any such transactions or offers to or agrees to, or announces, any intention to, effect any such transactions, our Company will take all reasonable steps to ensure that it will not create a disorderly or false market for any Shares or other securities of our Company.

*(B) Undertaking by the Controlling Shareholders*

Each of our Controlling Shareholders hereby undertakes to each of our Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option and the Stock Borrowing Agreement), it/he/she will not, and will procure that any other registered holder (if any) of the Shares in which it/he/she has a beneficial interest will not, without the prior written consent of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) or unless otherwise in compliance with the requirements of the Listing Rules:

(a) during the First Six-month Period, 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/he/she are shown to be the beneficial owner in the Prospectus (the "**Relevant Shares**");

(b) during the Second Six-Month Period, 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 Relevant Shares to such extent that, immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he/she would then cease to be a controlling shareholder or a group of controlling shareholders of the Company for the purpose of the Listing Rules.

Each of our Controlling Shareholders hereby further undertakes to each of our Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, it will and will procure each of its/his/her affiliates or companies controlled by it/him/her, at any time during the First Six-Month Period and the Second Six-Month Period, immediately inform our Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers in writing of:

(a) any pledges or charges in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares beneficially owned by it/him/her for a bona fide commercial loan relying on Note 2 to Rule 10.07(2) of the Listing Rules, together with the number of Shares so pledged or charged; and

(b) any indication received by it/him/her, either verbal or written, from the pledgee or chargee of any Shares pledged or charged that such Shares so pledged or charged will be disposed of.

Our Company agrees and undertakes to each of the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, upon receiving such information in writing from any of our Controlling Shareholders, it shall, as soon as practicable, notify the Stock Exchange and make a public disclosure in relation to such information in accordance with the Listing Rules.

***Indemnity***

We have agreed to indemnify the Joint Global Coordinators, the Joint Sponsors, the Joint Representatives, the Joint Bookrunners, the Joint Lead Managers 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 Representatives (for themselves and on behalf of the Hong Kong Underwriters) will receive an underwriting commission of 3.25% of the aggregate Offer Price payable for the Hong Kong Public Offer Shares offered under the Hong Kong Public Offering (excluding any Hong Kong Public Offer Shares reallocated to the International Offering). For unsubscribed Hong Kong Public Offer Shares reallocated to the International Offering and International Offer Shares reallocated to the Hong Kong Public Offering, if any, the Company will pay an underwriting commission at the rate applicable to the International Offering as set out in the International

Underwriting Agreement, and such commission will be paid to the Joint Representatives (for themselves and on behalf of the International Underwriters), and no underwriting commission will be paid to the Hong Kong Underwriters for such reallocated Offer Shares. In addition, at the discretion of our Company, the Underwriters may also receive an incentive fee of up to 1.0% of the aggregate Offer Price in respect of all Offer Shares.

Assuming an Offer Price of HK$25.65 (being the mid-point of the indicative Offer Price range stated in this prospectus), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full, the aggregate commissions and fees, together with the Stock Exchange listing fees, the Stock Exchange trading fee of 0.005% per Offer Share, SFC transaction levy of 0.0027% per Offer Share, legal and other professional fees and printing and other expenses relating to the Global Offering, payable by us, are estimated to be approximately HK$232.8 million, which is subject to adjustment to be agreed by the Company, the Joint Representatives and other parties.

An aggregate amount of US$600,000 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 and as disclosed in this prospectus, 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**

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the Joint Representatives (on behalf of 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 Offer Shares being offered pursuant to the International Offering or procure purchasers for their respective applicable proportions of International Offer Shares. Please refer to "Structure of the Global Offering — The International Offering" for details.

### Over-allotment Option

The Company expect to grant to the International Underwriters, exercisable by the Joint Representatives (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to issue up to 23,264,000 Shares by the Company, representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to cover over-allocations in the International Offering, if any.

## 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 and sales 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 Public Offer Shares have not been publicly offered or sold, directly or indirectly, in mainland China or the United States.

## ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting.

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 account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or

relate to assets, securities and/or instruments the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over-the-counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price 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 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.

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.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members 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) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

## THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises of:

(a) the Hong Kong Public Offering of initially 15,510,000 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 139,586,000 Offer Shares (subject to adjustment and the Over-allotment Option) outside the United States in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or other available exemption from the registration requirements of the U.S. Securities Act.

Investors may apply for Hong Kong Public Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest in International Offer Shares under the International Offering, but may not do both.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

## THE HONG KONG PUBLIC OFFERING

### Number of Offer Shares Initially Offered

We are initially offering 15,510,000 Hong Kong Public Offer Shares, representing approximately 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 Shares between (i) the International Offering, and (ii) the Hong Kong Public Offering, the Hong Kong Public Offer Shares will represent approximately 2.25% of our Company's issued share capital immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of options granted or to be granted under the Share Option Schemes).

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 in the section headed "— Conditions of the Hong Kong Public Offering" below.

**Allocation**

Allocation of the 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 Public 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 Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

The total number of Hong Kong Public Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) will be divided into two pools (with any odd lot being allocated to Pool A) for allocation purposes:

(A) Pool A: The Hong Kong Public Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with a total subscription price of HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less.

(B) Pool B: The Hong Kong Public Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with a total subscription price of more than HK$5 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 Public 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 Public Offer Shares in one (but not both) of the two pools are undersubscribed, the surplus Hong Kong Public 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 Public 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 7,755,000 Hong Kong Public Offer Shares (being 50% of the 15,510,000 Offer Shares initially available under the Hong Kong Public Offering) will be rejected.

**Reallocation**

The allocation of Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. 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 Hong Kong Public Offer Shares to certain percentages of the total number of Offer Shares to be offered in the Global Offering if certain prescribed total demand levels in the Hong Kong Public Offering are reached:

(i) 15,510,000 Offer Shares are initially available in the Hong Kong Public Offering, representing approximately 10% of the Offer Shares initially available under the Global Offering;

in the event that the International Offer Shares are fully subscribed or over-subscribed:

(ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 46,529,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 62,038,500 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering; and

(iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more than the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 77,548,000 Offer Shares, representing approximately 50% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Representatives (for themselves and on behalf of the Underwriters) and the Joint Sponsors. Subject to the foregoing paragraph, the Joint Representatives and the Joint Sponsors may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed for, the Joint Representatives and the Joint Sponsors have the authority to reallocate all or any unsubscribed Hong Kong Public Offer Shares to the International Offering, in such proportions as the Joint Representatives and the Joint Sponsors deem appropriate.

In addition, the Joint Representatives (for themselves and on behalf of the Underwriters) and the Joint Sponsors may, at their discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in Pool A and Pool B under the Hong Kong Public Offering in accordance with the Guidance Letter HKEx-GL91-18. In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Public Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Public Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Public Offer Shares initially available under the Hong Kong Public Offering provided that the Offer Price would be set at HK$24.10 (low-end of the indicative Office Price), up to 15,510,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 31,020,000 Offer Shares, representing approximately 20% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option and without taking into account any Shares which may be issued upon the exercise of options granted or to be granted under the Share Option Schemes).

**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/her/it that he/she/it and any person(s) for whose benefit he/she/it 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 price of HK$27.20 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 the maximum price of HK$27.20 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 Public Offer Shares" in this prospectus.

## 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 139,586,000, representing approximately 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 20.22% of our Company's issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of options granted or to be granted under the Share Option Schemes.

### Allocation

Pursuant to the International Offering, the International Offer Shares will be conditionally placed on behalf of our Company by the International Purchasers or through selling agents appointed by them. International Offer Shares will be selectively placed with certain professional and institutional 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 offshore transactions in reliance on Regulation S and in the United States to QIBs as defined in Rule 144A. The International Offering is subject to the Hong Kong Public Offering being unconditional.

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, Shares, after the

listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the 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 Representatives (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 Representatives (for themselves and on behalf of the Underwriters) 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 or sold 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 Representatives.

## OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that the Company will grant the Over-allotment Option to the International Underwriters, which will be exercisable by the Joint Representatives (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Representatives (on behalf of the International Underwriters) at any time from the effective date of the International Underwriting Agreement to the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to 23,264,000 Shares by the Company, representing approximately 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-allocations in the International Offering, if any. 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.

In connection with the Global Offering, the Stabilizing 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 Stabilizing Manager of a greater number of 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 Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Offer Shares or purchasing Shares in the open market. In determining the source of the Offer Shares to close out the covered short position, the Stabilizing 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. However, there is no obligation on the Stabilizing 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 Stabilizing 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 Shares that may be sold under the Over-allotment Option, namely, 23,264,000 Offer Shares, which is approximately 15% of the number of Offer Shares initially available under the Global Offering, and cover such over-allocations by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

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 our 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 Stabilizing 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 Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing 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 Stabilizing Manager, or any person acting for it, is not permitted to support the price of the Shares for longer than the stabilizing period, which begins on the day on which trading of the 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 Friday, August 6, 2021. As a result, demand for the Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market. Any

stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the Shares by the Stabilizing 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 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.

## STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it) may choose to borrow up to 23,264,000 Shares (being the maximum number of Shares which may be issued pursuant to the exercise of the Over-allotment Option) from Tiantian pursuant to the Stock Borrowing Agreement. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Rule 10.07(3) of the Listing Rules.

The same number of Shares so borrowed must be returned to Tiantian or its nominees, as the case may be, on or before the third business day following the earlier of (a) the last day on which the Over-allotment Option may be exercised and (b) the day on which the Over-allotment Option is exercised in full. The Stock Borrowing Agreement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Tiantian by the Stabilizing Manager (or its affiliates or any person acting for it) in relation to such stock borrowing arrangement.

## 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 agreed on the Price Determination Date, which is expected to be on or about Wednesday, July 7, 2021 and in any event no later than Thursday, July 8, 2021, by agreement

between the Joint Representatives (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, as determined by the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company.

The Offer Price will not be more than HK$27.20 per Offer Share and is expected to be not less than HK$24.10 per Offer Share, unless otherwise announced by the Company no later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as further explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

**Price Payable on Application**

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$27.20 per each Hong Kong Public Offer Share (plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee). If the Offer Price is less than HK$27.20, 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 Representatives (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Thursday, July 8, 2021, the Global Offering will not proceed and will lapse.

**Reduction in Indicative Offer Price Range and/or Number of Offer Shares**

The Joint Representatives (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative offer price range as 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 case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day

for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at ***www.hkexnews.hk*** and the Company at ***http://ir.medlive.cn***, notices of the reduction. Upon issue of such a notice, the revised number of Offer Shares and/or indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Representatives, for themselves and on behalf of the Underwriters, and our Company, will be fixed within such a revised Offer Price range. 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 the prospectus and any other financial information which may change materially as a result of such reduction.

Before submitting applications for the Hong Kong Public 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. 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 Representatives, 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. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

In the event of a reduction in the number of Offer Shares, the Joint Representatives (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 Representatives (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 Public Offer Shares are expected to be announced on Wednesday, July 14, 2021, in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at ***www.hkexnews.hk*** and on the website of our Company at ***http://ir.medlive.cn***.

## 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 our Company and the Joint Representatives, 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" in this prospectus.

## CONDITIONS OF THE GLOBAL 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 Shares in issue and to be issued pursuant to the Global Offering (including any Shares that may be issued under the Over-allotment Option and any Shares which may be issued upon the exercise of options granted or to be granted under the Share Option Schemes), and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(b) the Offer Price having been duly agreed between our Company and the Joint Representatives (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;

(d) the warranties as defined in the Underwriting Agreements being true, accurate, complete and not misleading and not being breached on and as of the date of the Underwriting Agreements and the dates and times on which they are deemed to be repeated under the Underwriting Agreements; and

(e) 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 Underwriting Agreements (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 Representatives (for themselves and on behalf of the Underwriters) on or before Thursday, July 8, 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 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of Stock Exchange at ***www.hkexnews.hk*** and our Company at ***http://ir.medlive.cn*** on the next business 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 Public Offer Shares — G. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

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 — Hong Kong Public Offering — Grounds for Termination" in this prospectus 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 Shares in issue and to be issued pursuant to the Global Offering (including any Shares that may be issued under the Over-allotment Option and any Shares which may be issued upon the exercise of options granted or to be granted under the Share Option Schemes).

No part of our equity or debt securities 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.

## SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into the Central Clearing and Settlement System, or CCASS, established and operated by the Hong Kong Securities Clearing Company Limited, or HKSCC.

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the 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 business 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 Thursday, July 15, 2021, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, July 15, 2021. The Shares will be traded in board lots of 500 Shares.

**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 Hong Kong Stock Exchange at ***www.hkexnews.hk*** under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at ***http://ir.medlive.cn***. 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 Public Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Public 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.

If you have any question about the application for the Hong Kong Public Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar, Tricor Investor Services Limited, at +852 3907 7333 on the following dates:

**Wednesday, June 30, 2021 — 9:00 a.m. to 9:00 p.m.**
**Friday, July 2, 2021 — 9:00 a.m. to 9:00 p.m.**
**Monday, July 5, 2021 — 9:00 a.m. to 9:00 p.m.**
**Tuesday, July 6, 2021 — 9:00 a.m. to 9:00 p.m.**
**Wednesday, July 7, 2021 — 9:00 a.m. to 12:00 noon**

## A. APPLICATIONS FOR HONG KONG PUBLIC OFFER SHARES

### 1. How to Apply

***We will not provide any printed application forms for use by the public.***

If you apply for Hong Kong Public Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

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

(1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at ***www.hkeipo.hk/IPOApp*** or ***www.tricorglobal.com/IPOApp***) or at ***www.hkeipo.hk***; or

(2) apply through the **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 Public 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 (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 by completing an input request.

If you apply through channel (1) above, the Hong Kong Public 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 Public 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.

The Company, the Joint Representatives, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

## 2. Who Can Apply

You can apply for Hong Kong Public 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 (within the meaning of Regulation S), and are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- are not an existing Shareholder and/or his/her/its close associate;
- are not a core connected person of the Company and will not become a core connected person of the Company immediately upon completion of the Global Offering; and
- have not been allocated and have not applied for or indicated interest in any Offer Share under the International Offering.

If you apply for Hong Kong Public Offer Shares online through the **HK eIPO White Form** service, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- 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 Representatives, as the Company's agent, 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 the **HK eIPO White Form** service for the Hong Kong Public Offer Shares.

If you are applying for the Hong Kong Public 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.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if:

- you are an existing beneficial owner of shares in the Company and/or any of its subsidiaries;
- you are a Director or chief executive of the Company and/or any of the Company's subsidiaries;
- you are a close associate of any of the above persons; or
- you have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participated in the International Offering.

## 3. Applying for Hong Kong Public Offer Shares

***Which Application Channel to Use***

For Hong Kong Public Offer Shares to be issued in your own name, apply online through the **HK eIPO White Form** service in the **IPO App** or on the designated website at ***www.hkeipo.hk***.

For Hong Kong Public 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***

You may apply through the **HK eIPO White Form** service or the **CCASS EIPO** service to give **electronic application instructions** for a minimum of 500 Hong Kong Public Offer Shares. Instructions for more than 500 Hong Kong Public Offer Shares must be in one of the numbers set out in the table. You are required to pay the amount next to the number you select. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

| No. of Hong Kong Public Offer Shares applied for | Amount payable on application HK$ | No. of Hong Kong Public Offer Shares applied for | Amount payable on application HK$ | No. of Hong Kong Public Offer Shares applied for | Amount payable on application HK$ | No. of Hong Kong Public Offer Shares applied for | Amount payable on application HK$ |
|---|---|---|---|---|---|---|---|
| 500 | 13,737.05 | 8,000 | 219,792.76 | 70,000 | 1,923,186.61 | 1,000,000 | 27,474,094.40 |
| 1,000 | 27,474.09 | 9,000 | 247,266.85 | 80,000 | 2,197,927.55 | 2,000,000 | 54,948,188.80 |
| 1,500 | 41,211.14 | 10,000 | 274,740.94 | 90,000 | 2,472,668.50 | 3,000,000 | 82,422,283.20 |
| 2,000 | 54,948.19 | 15,000 | 412,111.42 | 100,000 | 2,747,409.44 | 4,000,000 | 109,896,377.60 |
| 2,500 | 68,685.24 | 20,000 | 549,481.89 | 200,000 | 5,494,818.88 | 5,000,000 | 137,370,472.00 |
| 3,000 | 82,422.28 | 25,000 | 686,852.36 | 300,000 | 8,242,228.32 | 6,000,000 | 164,844,566.40 |
| 3,500 | 96,159.33 | 30,000 | 824,222.83 | 400,000 | 10,989,637.76 | 7,000,000 | 192,318,660.80 |
| 4,000 | 109,896.38 | 35,000 | 961,593.30 | 500,000 | 13,737,047.20 | 7,755,000(1) | 213,061,602.07 |
| 4,500 | 123,633.42 | 40,000 | 1,098,963.78 | 600,000 | 16,484,456.64 | | |
| 5,000 | 137,370.47 | 45,000 | 1,236,334.25 | 700,000 | 19,231,866.08 | | |
| 6,000 | 164,844.57 | 50,000 | 1,373,704.72 | 800,000 | 21,979,275.52 | | |
| 7,000 | 192,318.66 | 60,000 | 1,648,445.66 | 900,000 | 24,726,684.96 | | |

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

## 4. Terms and Conditions of an Application

By applying through the application channels specified in this prospectus, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives (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 Public 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 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 relied only 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 set out in this prospectus;

(vi) agree that none of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Underwriters, any of them or the Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering (the "**Relevant Persons**") and the **HK eIPO White Form** Service Provider 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 International Offer Shares nor participated in the International Offering;

(viii) agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons 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 nor the Relevant Persons 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 Public 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 Public 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 Public 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 HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instruction and/or any refund cheque(s) to you by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) understand that the Company and the Joint Representatives will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvii) (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 **HK eIPO White Form** service by you or by any one as your agent or by any other person; and

(xviii) (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; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

## 5. Applying through the HK eIPO White Form Service

***General***

Individuals who meet the criteria in the paragraph headed "— 2. Who Can Apply" in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the **IPO App** or the designated website at ***www.hkeipo.hk***.

Detailed instructions for application through the **HK eIPO White Form** service are in the **IPO App** or 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 **IPO App** or the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

If you have any questions on how to apply through the **HK eIPO White Form** service for the Hong Kong Public Offer Shares, please contact the telephone enquiry line of our Hong Kong Share Registrar, Tricor Investor Services Limited at +852 3907 7333 which is available on the following dates:

**Wednesday, June 30, 2021 — 9:00 a.m. to 9:00 p.m.**
**Friday, July 2, 2021 — 9:00 a.m. to 9:00 p.m.**
**Monday, July 5, 2021 — 9:00 a.m. to 9:00 p.m.**
**Tuesday, July 6, 2021 — 9:00 a.m. to 9:00 p.m.**
**Wednesday, July 7, 2021 — 9:00 a.m. to 12:00 noon**

***Time for Submitting Applications under the HK eIPO White Form Service***

You may submit your application through the **HK eIPO White Form** service in the **IPO App** or at ***www.hkeipo.hk*** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Wednesday, June 30, 2021 until 11:30 a.m. on Wednesday, July 7, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, July 7, 2021, the last day for applications, or such later time under the paragraph headed "— C. Effect of bad weather and/or Extreme Conditions on the opening and closing of the application lists" in this section.

***No Multiple Applications***

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **HK eIPO White Form** service more than once and obtaining different payment 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 **HK eIPO White Form** 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.

**6. Applying through the CCASS EIPO Service**

***General***

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Public Offer Shares and to arrange payment of the monies 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 Centre
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 Public 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 Representatives and our Hong Kong Share Registrar.

***Applying through the CCASS EIPO Service***

Where you have applied through the **CCASS EIPO** service (either indirectly through a broker or custodian or directly) 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 Public Offer Shares to be allotted 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 Public 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 instruction** 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 Representatives will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Public 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 Public Offer Shares allocated to you and to send 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 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 or the Relevant Persons is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons any personal data which they may require about you;

- 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 on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday

in Hong Kong), such agreement to take effect as a collateral contract with the Company, 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 Public Offer Shares to any person on or before the fifth day after the time of the opening of the application lists (excluding any day which is a 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 on or 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 results of the Hong Kong Public Offering;

- 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 giving **electronic application instructions** to apply for Hong Kong Public Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the Laws of Hong Kong.

***Effect of Applying through the CCASS EIPO Service***

By applying through the **CCASS EIPO** service, 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 Public 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:

**Wednesday, June 30, 2021 — 9:00 a.m. to 8:30 p.m.**
**Friday, July 2, 2021 — 8:00 a.m. to 8:30 p.m.**
**Saturday, July 3, 2021 — 8:00 a.m. to 1:00 p.m.**
**Monday, July 5, 2021 — 8:00 a.m. to 8:30 p.m.**
**Tuesday, July 6, 2021 — 8:00 a.m. to 8:30 p.m.**
**Wednesday, July 7, 2021 — 8:00 a.m. to 12:00 noon**

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, June 30, 2021 until 12:00 noon on Wednesday, July 7, 2021 (24 hours daily, except on Wednesday, July 7, 2021, the last day for applications).

1. These 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.

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, July 7, 2021, the last day for applications or such later time as described in the paragraph headed "— C. Effect of bad weather and/or Extreme Conditions on the opening and closing of the application lists" in this section.

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 Public 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.

***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 Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public 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 Public 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.

The Hong Kong Share Registrar would record all applications into its system and identify suspected multiple applications with identical names, identification document numbers and reference numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("**Best Practice Note**") issued by the Federation of Share Registrars Limited.

With regard to the section headed "Results of Applications Made by Giving Electronic Application Instructions to HKSCC via CCASS" in the announcement of results of allocations to be issued by the Company, the list of identification document number(s) is not a complete list of successful applicants, only successful applicants whose identification document numbers are provided by CCASS are disclosed. Applicants who applied for the Offer Shares through their brokers can consult their brokers to enquire about their application results.

Since applications are subject to personal information collection statements, beneficial owner identification codes displayed are redacted. Applicants with beneficial names only but not identification document numbers are not disclosed due to personal privacy issue.

***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.

***Personal Data***

The following Personal Information Collection Statement applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through the **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 the applicant for, and holder of, Hong Kong Public Offer Shares, of the policies and practices of the Company and the Hong Kong 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 Public Offer Shares to supply correct personal data to the Company or its agents and the Hong Kong Share Registrar when applying for the Hong Kong Public Offer Shares or transferring the Hong Kong Public Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Public Offer Shares being rejected, or in delay or the inability of the Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Public Offer Shares which you have successfully applied for and/or the dispatch of Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Public Offer Shares inform the Company and the Hong Kong 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 and e-Auto Refund payment instruction(s), 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 Public 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 the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of the holders of the Shares;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to holders of the Shares and/or regulators and/or any other purposes to which the holders of the Shares may from time to time agree.

*Transfer of personal data*

Personal data held by the Company and the Hong Kong Share Registrar relating to the holders of the Hong Kong Public Offer Shares will be kept confidential but the Company and the Hong Kong 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:

- the Company's appointed agents such as financial advisers, receiving banks and overseas principal share registrar;
- where applicants for the Hong Kong Public 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 the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Hong Kong 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 Public Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

*Retention of personal data*

The Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Public 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 Public Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong 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 the Company and the Hong Kong Share

Registrar, at their registered address disclosed in the section headed "*Corporate information*" in this prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

**7. Warning for Electronic Applications**

The application for the Hong Kong Public Offer Shares through the **CCASS EIPO** service is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** 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 to make your electronic applications. The Company, the Relevant Persons and the **HK eIPO White Form** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant applying through the **CCASS EIPO** service or person applying through the **HK eIPO White Form** service will be allocated any Hong Kong Public 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.

**8. How Many Applications Can You Make**

Multiple applications for the Hong Kong Public Offer Shares are not allowed except by nominees.

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 through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

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. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The maximum Offer Price is HK$27.20 per Offer Share. You must pay the maximum Offer Price, brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% in full upon application for the Hong Kong Public Offer Shares under the terms set out in the paragraph "— Minimum Application Amount and Permitted Numbers" in this section. This means that for one board lot of 500 Hong Kong Public Offer Shares, you will pay HK$13,737.05.

You may submit an application through the **HK eIPO White Form** service or the **CCASS EIPO** service in respect of a minimum of 500 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 500 Hong Kong Public Offer Shares must be in one of the numbers set out in the paragraph "— Minimum Application Amount and Permitted Numbers" in this section, or as otherwise specified in the **IPO App** or on the designated website at ***www.hkeipo.hk***.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee will be 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 the section headed "Structure of the Global Offering — Pricing and Allocation" in this prospectus.

## C. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, July 7, 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 and/or Extreme Conditions 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 Wednesday, July 7, 2021 or if there is 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 the section headed "Expected timetable" in this prospectus, an announcement will be made in such event.

## D. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Public Offer Shares on Wednesday, July 14, 2021 on the Company's website at ***http://ir.medlive.cn*** 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 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 ***http://ir.medlive.cn*** and the Stock Exchange's website at ***www.hkexnews.hk*** by no later than 9:00 a.m. on Wednesday, July 14, 2021;

- from the "IPO Results" function in the **IPO App** and the designated results of allocations website at ***www.tricor.com.hk/ipo/result*** or ***www.hkeipo.hk/IPOResult*** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, July 14, 2021 to 12:00 midnight on Tuesday, July 20, 2021;

- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, July 14, 2021, to Monday, July 19, 2021 (excluding Saturday, Sunday or public holiday in Hong Kong).

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 Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "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.

## E. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG PUBLIC OFFER SHARES

You should note the following situations in which the Hong Kong Public Offer Shares will not be allocated to you:

(i) If your application is revoked:

By applying through the **CCASS EIPO** service or the **HK eIPO White Form** 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 a 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 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 Representatives, the **HK eIPO White Form** 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 Public Offer Shares is void:

The allocation of Hong Kong Public Offer Shares will be void if the Stock Exchange does not grant permission to list the 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;
- 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 Public Offer Shares and International Offer Shares;

- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions in the **IPO App** or on the designated website at ***www.hkeipo.hk***;

- your payment is not made correctly;

- the Underwriting Agreements do not become unconditional or are terminated;

- the Company or the Joint Representatives believes or 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 Public Offer Shares initially offered under the Hong Kong Public Offering.

## F. 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$27.20 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon) paid on application, or if the conditions of the Global Offering as set out in the section headed "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus are not satisfied 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.

Any refund of your application monies will be made on or before Wednesday, July 14, 2021.

## G. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Public Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Wednesday, July 14, 2021. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, July 15, 2021, **provided that** the Global Offering has become unconditional in all respects at or before that time and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

**Personal Collection**

***(i) If you apply through the HK eIPO White Form service***

If you apply for 1,000,000 or more Hong Kong Public Offer Shares through the **HK eIPO White Form** service, and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, July 14, 2021, or such other place or date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, it/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 Public Offer Shares through the **HK eIPO White Form** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, July 14, 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-Auto 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 cheque(s) by ordinary post at your own risk.

***(ii) If you apply through the CCASS EIPO service***

*Allocation of Hong Kong Public Offer Shares*

- For the purposes of allocating Hong Kong Public 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 Share Certificates into CCASS and Refund of Application Monies*

- If your application is wholly or partially successful, your 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 Wednesday, July 14, 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 allocations of the Hong Kong Public Offering in the manner specified in the paragraph headed "— D. Publication of Results" in this section on Wednesday, July 14, 2021. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, July 14, 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 Public 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 Public 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 Wednesday, July 14, 2021. Immediately following the credit of the Hong Kong Public 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 Public 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 Wednesday, July 14, 2021.

## H. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the 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 Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business 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 enabling the Shares to be admitted into CCASS.

*The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.*

27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MEDLIVE TECHNOLOGY CO., LTD. AND GOLDMAN SACHS (ASIA) L.L.C. AND HAITONG INTERNATIONAL CAPITAL LIMITED**

**Introduction**

We report on the historical financial information of Medlive Technology Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-5 to I-70, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2018, 2019 and 2020 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2018, 2019 and 2020 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-5 to I-70 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 June 2021 (the "**Prospectus**") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors 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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 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 purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2018, 2019 and 2020 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange 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 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

**No historical financial statements for the Company**

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

**Ernst & Young**
*Certified Public Accountants*
Hong Kong
30 June 2021

## I HISTORICAL FINANCIAL INFORMATION

### Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | *Notes* | **2018** | **2019** | **2020** |
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| REVENUE | *5* | 83,463 | 121,569 | 213,529 |
| Cost of sales | | (33,573) | (44,379) | (57,293) |
| Gross profit | | 49,890 | 77,190 | 156,236 |
| Other income and gains | *5* | 99 | 96 | 1,543 |
| Selling and distribution expenses | | (7,080) | (8,588) | (20,037) |
| Administrative expenses | | (26,375) | (31,391) | (32,640) |
| Other expenses | | (75) | (13) | (45) |
| Finance costs | *7* | (439) | (296) | (209) |
| PROFIT BEFORE TAX | *6* | 16,020 | 36,998 | 104,848 |
| Income tax expense | *10* | (1,831) | (5,728) | (19,651) |
| PROFIT FOR THE YEAR | | 14,189 | 31,270 | 85,197 |
| Attributable to: | | | | |
| Owners of the parent | | 14,189 | 31,270 | 85,197 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods: | | | | |
| Exchange differences on translation of the Company's financial statements into presentation currency | | 14 | 4 | (15) |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX | | 14 | 4 | (15) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 14,203 | 31,274 | 85,182 |
| Attributable to: | | | | |
| Owners of the parent | | 14,203 | 31,274 | 85,182 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | | | | |
| Basic and diluted | *12* | RMB2.65 cents | RMB5.84 cents | RMB15.92 cents |

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Notes | As at 31 December | | |
|---|---|---|---|---|
| | | 2018 | 2019 | 2020 |
| | | RMB'000 | RMB'000 | RMB'000 |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 13 | 4,167 | 4,649 | 2,617 |
| Right-of-use assets | 14(a) | 6,850 | 4,526 | 12,571 |
| Deferred tax assets | 21 | 2,445 | 3,591 | 3,509 |
| Total non-current assets | | 13,462 | 12,766 | 18,697 |
| CURRENT ASSETS | | | | |
| Trade receivables | 15 | 26,024 | 35,643 | 42,480 |
| Contract assets | 16 | 11,133 | 23,282 | 15,761 |
| Prepayments, other receivables and other assets | 17 | 2,799 | 3,225 | 3,026 |
| Cash and cash equivalents | 18 | 16,530 | 38,883 | 147,095 |
| Total current assets | | 56,486 | 101,033 | 208,362 |
| CURRENT LIABILITIES | | | | |
| Trade payables | 19 | 2,454 | 2,634 | 6,265 |
| Other payables and accruals | 20 | 23,663 | 32,422 | 45,231 |
| Lease liabilities | 14(b) | 3,036 | 3,016 | 2,591 |
| Tax payable | | 1,186 | 6,919 | 9,991 |
| Total current liabilities | | 30,339 | 44,991 | 64,078 |
| NET CURRENT ASSETS | | 26,147 | 56,042 | 144,284 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 39,609 | 68,808 | 162,981 |
| NON-CURRENT LIABILITIES | | | | |
| Lease liabilities | 14(b) | 4,334 | 1,786 | 9,484 |
| Deferred tax liabilities | 21 | 317 | 790 | 2,083 |
| Total non-current liabilities | | 4,651 | 2,576 | 11,567 |
| Net assets | | 34,958 | 66,232 | 151,414 |
| EQUITY | | | | |
| Equity attributable to owners of the parent | | | | |
| Share capital | 22 | 33 | 33 | 33 |
| Reserves | 23 | 34,925 | 66,199 | 151,381 |
| Total equity | | 34,958 | 66,232 | 151,414 |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Share capital | Share premium* | Statutory surplus reserve* | Exchange fluctuation reserve* | Retained profits* | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | *(note 22)* | | *(note 23)* | *(note 23)* | | |
| At 1 January 2018 | 33 | 10,059 | 1,598 | 666 | 8,399 | 20,755 |
| Profit for the year | — | — | — | — | 14,189 | 14,189 |
| Other comprehensive income for the year: | | | | | | |
| Exchange differences | — | — | — | 14 | — | 14 |
| Total comprehensive income for the year | — | — | — | 14 | 14,189 | 14,203 |
| Transfer to statutory reserve | — | — | 2,902 | — | (2,902) | — |
| At 31 December 2018 and 1 January 2019 | 33 | 10,059 | 4,500 | 680 | 19,686 | 34,958 |
| Profit for the year | — | — | — | — | 31,270 | 31,270 |
| Other comprehensive income for the year: | | | | | | |
| Exchange differences | — | — | — | 4 | — | 4 |
| Total comprehensive income for the year | — | — | — | 4 | 31,270 | 31,274 |
| Transfer to statutory reserve | — | — | 187 | — | (187) | — |
| At 31 December 2019 and 1 January 2020 | 33 | 10,059 | 4,687 | 684 | 50,769 | 66,232 |
| Profit for the year | — | — | — | — | 85,197 | 85,197 |
| Other comprehensive income for the year: | | | | | | |
| Exchange differences | — | — | — | (15) | — | (15) |
| Total comprehensive income for the year | — | — | — | (15) | 85,197 | 85,182 |
| Transfer to statutory reserve | — | — | 322 | — | (322) | — |
| At 31 December 2020 | 33 | 10,059 | 5,009 | 669 | 135,644 | 151,414 |

* These reserve accounts comprise the consolidated reserves of RMB34,925,000, RMB66,199,000 and RMB151,381,000 in the consolidated statements of financial position as at 31 December 2018, 2019 and 2020, respectively.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Notes | Year ended 31 December | | |
|---|---|---|---|---|
| | | 2018 | 2019 | 2020 |
| | | RMB'000 | RMB'000 | RMB'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before tax | | 16,020 | 36,998 | 104,848 |
| Adjustments for: | | | | |
| Finance costs | 7 | 439 | 296 | 209 |
| Investment income from financial assets at fair value through profit or loss | 5 | — | — | (639) |
| Gains on lease modifications | 5 | — | — | (453) |
| Depreciation of property, plant and equipment | 13 | 1,307 | 1,944 | 2,658 |
| Depreciation of right-of-use assets | 14(a) | 3,048 | 2,888 | 2,658 |
| Covid-19-related rent concessions from lessors | 14(b) | — | — | (352) |
| Impairment /(reversal of impairment) of trade receivables, net | 15 | 215 | 724 | (510) |
| | | 21,029 | 42,850 | 108,419 |
| Decrease/(increase) in trade receivables | | 4,369 | (10,343) | (6,327) |
| Decrease/(increase) in contract assets | | (6,544) | (12,149) | 7,521 |
| Decrease/(increase) in prepayments, other receivables and other assets | | (411) | (426) | 199 |
| Increase/(decrease) in trade payables | | (714) | 180 | 3,631 |
| Increase in other payables and accruals | | 6,036 | 8,759 | 12,809 |
| Cash generated from operations | | 23,765 | 28,871 | 126,252 |
| Income tax paid | | (1,674) | (668) | (15,204) |
| Net cash flows from operating activities | | 22,091 | 28,203 | 111,048 |

| | Notes | Year ended 31 December | | |
|---|---|---|---|---|
| | | 2018 | 2019 | 2020 |
| | | RMB'000 | RMB'000 | RMB'000 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchases of items of property, plant and equipment | 13 | (3,101) | (2,426) | (626) |
| Purchases of financial assets at fair value through profit or loss | | — | — | (132,000) |
| Proceeds from disposal of financial assets at fair value through profit or loss | | — | — | 132,639 |
| Net cash flows from/(used in) investing activities | | (3,101) | (2,426) | 13 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Principal portion of lease payments | | (3,057) | (3,132) | (2,625) |
| Interest paid for lease liabilities | | (439) | (296) | (209) |
| Repayments of loans due to directors | 26(a) | (2,350) | — | — |
| Net cash flows used in financing activities | | (5,846) | (3,428) | (2,834) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 13,144 | 22,349 | 108,227 |
| Cash and cash equivalents at beginning of year | | 3,372 | 16,530 | 38,883 |
| Effect of foreign exchange rate changes, net | | 14 | 4 | (15) |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 18 | 16,530 | 38,883 | 147,095 |

## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

| | | As at 31 December | | |
|---|---|---|---|---|
| | *Notes* | **2018** | **2019** | **2020** |
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| NON-CURRENT ASSETS | | | | |
| Investment in a subsidiary | | 10,569 | 10,743 | 10,048 |
| Total non-current assets | | 10,569 | 10,743 | 10,048 |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | *18* | 278 | 255 | 212 |
| Total current assets | | 278 | 255 | 212 |
| Net assets | | 10,847 | 10,998 | 10,260 |
| EQUITY | | | | |
| Share capital | *22* | 33 | 33 | 33 |
| Reserves | *23* | 10,814 | 10,965 | 10,227 |
| Total equity | | 10,847 | 10,998 | 10,260 |

## II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 8 April 2013. The registered address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company changed its name from "Kingyee Co., Limited" to "Medlive Technology Co., Ltd." on 24 February 2021.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were principally engaged in the provision of precision marketing and corporate solutions, medical knowledge solutions, and intelligent patient management solutions.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

| Name | Place and date of incorporation/ registration and place of operations | Nominal value of issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Kingyee (HK) Co., Limited *(note (a))*. . . | Hong Kong 3 May 2013 | US$495,000 | 100% | — | Investment holding |
| Kingyee (Beijing) Co., Ltd. ("**Jinye Tiancheng**")* (金葉天成(北京)科技有限公司) *(note (b))* . . . . . | People's Republic of China ("**PRC**")/ Mainland China 29 August 2013 | RMB9,000,000 | — | 100% | Provision of precision marketing and corporate solutions, medical knowledge solutions, and intelligent patient management solutions |
| Beijing Yimaihutong Technology Co., Ltd. ("**Yimaihutong**")* (北京醫脈互通科技有限公司) *(note (c))*. . . . | PRC/Mainland China 18 April 2013 | RMB10,000,000 | — | 100% | Provision of precision marketing and corporate solutions, medical knowledge solutions, and intelligent patient management solutions |

| Name | Place and date of incorporation/ registration and place of operations | Nominal value of issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Shijiazhuang Maili Technology Co., Ltd.* (石家莊邁粒科技有限公司) *(note (d))* . . . . | PRC/Mainland China 30 October 2019 | RMB2,000,000 | — | 100% | Research and development |
| Yinchuan Yimaitong Internet Hospital Co., Ltd. ("**Yimaitong**")* (銀川醫脈通互聯網醫院有限公司) *(note (d))* . . . . . | PRC/Mainland China 29 August 2019 | RMB10,000,000 | — | 100% | Provision of internet hospital services |

*Notes:*

(a) No audited financial statements have been prepared for the entity since its date of incorporation as it is an investment holding company with no operation and is exempted from preparing audited financial statements.

(b) The entity is registered as a wholly-foreign-owned enterprise under PRC law. The statutory financial statements of Jinye Tiancheng for the year ended 31 December 2018 prepared under PRC Generally Accepted Accounting Principles ("**PRC GAAP**") were audited by Beijing Hongtian Zhongdao Certified Public Accountants Co., Ltd. (北京鴻天眾道會計師事務所有限公司), certified public accountants registered in the PRC. The statutory financial statements for the year ended 31 December 2019 prepared under PRC GAAP were audited by Beijing Zhongtian Xinda Certified Public Accountants Co., Ltd. (北京中天信達會計師事務所有限公司), certified public accountants registered in the PRC.

(c) The entity is a limited liability enterprise established under PRC law. The statutory financial statements of Yimaihutong for the years ended 31 December 2018 and 2019 prepared under PRC GAAP were audited by Beijing Jingsheng Certified Public Accountants Co., Ltd. (北京京盛會計師事務所有限公司), certified public accountants registered in the PRC.

(d) These entities are limited liability enterprises established under PRC law. No audited financial statements have been prepared for these entities, as these entities were incorporated in 2019.

* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

## 2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2020 and Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

**Basis of consolidation**

The Historical Financial Information includes the financial information of the Company and its subsidiaries (collectively referred to as the "**Group**") for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Due to regulatory prohibitions restriction on foreign ownership in the value-added telecommunication services business, internet hospital services, production of radio and television video and programs and internet cultural business in the PRC, the principal business carried out by Yimaihutong and its subsidiary (the "**Consolidated Affiliated Entities**") was prohibited or restricted from foreign ownership. The wholly-owned subsidiary of the Company, Jinye Tiancheng, has entered into a series of contractual arrangements (the "**Contractual Arrangements**") with the Consolidated Affiliated Entities and their respective equity holders (hereafter the equity holders of the Consolidated Affiliated Entities referred to as the "**Registered Shareholders**"). The Contractual Arrangements enable Jinye Tiancheng to exercise effective control over the Consolidated Affiliated Entities and obtain substantially all economic benefits of the Consolidated Affiliated Entities. Accordingly, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries for the purpose of the Historical Financial Information and the Consolidated Affiliated Entities are consolidated in the Historical Financial Information for the Relevant Periods. Details of the Contractual Arrangements are disclosed in the section headed "Contractual Arrangements" in the Prospectus. The Group does not have any equity interests in the Consolidated Affiliated Entities.

## 2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

| | |
|---|---|
| Amendments to HKFRS 3 | *Reference to the Conceptual Framework*[3] |
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | *Interest Rate Benchmark Reform — Phase 2*[1] |
| Amendments to HKFRS 10 and HKAS 28 (2011) | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5] |
| HKFRS 17 | *Insurance Contracts*[4] |
| Amendments to HKFRS 17 | *Insurance Contracts*[4, 7] |
| Amendments to HKAS 1 | *Classification of Liabilities as Current or Non-current*[4, 6] |
| Amendments to HKAS 16 | *Property, Plant and Equipment: Proceeds before Intended Use*[3] |
| Amendments to HKAS 37 | *Onerous Contracts — Cost of Fulfilling a Contract*[3] |
| *Annual Improvements to HKFRSs 2018-2020* | Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[3] |
| Amendment to HKFRS 16 | *Covid-19-Related Rent Concessions beyond 30 June 2021*[2] |
| Amendments to HKAS 1 | *Disclosure of Accounting Policies*[4] |
| Amendments to HKAS 8 | *Definition of Accounting Estimates*[4] |

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for annual periods beginning on or after 1 April 2021

3 Effective for annual periods beginning on or after 1 January 2022

4 Effective for annual periods beginning on or after 1 January 2023

5 No mandatory effective date yet determined but available for adoption

6 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

7 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position.

## 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Fair value measurement**

The Group measures its financial assets at fair value through profit or loss at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

**Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

**Related parties**

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group 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); and

(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 parent of the Group.

**Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

| | |
|---|---|
| Electronic equipment | 19.0%–31.7% |
| Office equipment | 19.0% |
| Leasehold improvements | 20.0%–50.0% |

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

**Leases**

The Group assesses at contract inception whether a 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.

***Group as a lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*(a) Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

| | |
|---|---|
| Office premises | 2–5 years |

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

*(b) Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented separately in the statement of financial position.

*(c) Short-term leases*

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

**Investments and other financial assets**

***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

**Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise

the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**Impairment of financial assets**

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

***General approach***

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

***Simplified approach***

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on market historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Financial liabilities**

***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and lease liabilities.

***Subsequent measurement***

The subsequent measurement of financial liabilities depends on their classification as follows:

***Financial liabilities at amortised cost (loans and borrowings and payables)***

After initial recognition, loans and borrowings and payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**Cash and cash equivalents**

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

**Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

**Revenue recognition**

***Revenue from contracts with customers***

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group transfers control of goods or services over time and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

The Group derives revenue from rendering of services of precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions.

*(a) Precision marketing and corporate solutions*

The Group is engaged in providing precision marketing and corporate solutions which include precision marketing solutions and corporate solutions to pharmaceutical and medical device companies, hospitals and research institutions, and contract research organisations ("**CROs**").

(i) Precision marketing solutions mainly include precision digital detailing service (including online meeting delivery), digital marketing consulting service, digital content creation service, application software development service and other relevant services.

For precision digital detailing service, digital marketing consulting service, and digital content creation service, the Group agrees the sales price for each service with the customers upfront and bills to the customers based on the actual service rendered and completed. Revenue is generally recognised at a point in time when the services are rendered and accepted by the customers.

For application software development service, the software developed is customised for each customer, therefore the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment from the customer for its performance completed to date according to the contracts. As a result, revenue from application software development service is recognised over time.

Input method is used to measure progress towards complete satisfaction of the service, because the Group has an enforceable right to payment from the customer for its performance completed to date according to the contracts. The input method recognised revenue on the basis of the labour hours expended relative to the total expected labour hours to complete satisfaction of the service.

For certain application software development service, the Group also provides related maintenance service for a specific period (normally one year after the customer's acceptance) after sale as stipulated in the same contract. The maintenance service is provided to maintain the effectiveness of the application software and therefore is accounted for as a separate performance obligation. Revenue from provision of maintenance service is recognised over the service period.

(ii) Corporate solutions mainly include provision of application software development service, digital market research service and other relevant services.

For application software development service, revenue is recognised over time, using an input method to measure progress towards complete satisfaction of the service.

Digital market research service is generally delivered in the form of medical technical survey report or samples. The contract usually contains multiple deliverable units and each of the deliverable units is with individual selling price specified within the contract. The Group recognised revenue at the point of time when the deliverable units are delivered to the customers.

*(b) Medical knowledge solutions*

Medical knowledge solutions involve provision of professional medical information covering continuing medical education and clinical decision support, including licensing software to physicians and other healthcare professionals.

Revenue from software licensing service is recognised over the estimated lifespans of the software, which are determined based on the expected usage periods, because there is an explicit or implicit obligation of the Group to update the software content and allow users to gain access to it.

*(c) Intelligent patient management solutions*

Intelligent patient management solutions involve provision of patient education services to patients, pharmaceutical companies and non-profit organisations with medical focus, including medical conference service, application software development, patient counselling service and other relevant services.

For the delivery of conference service, the revenue is recognised at a point in time when the conference is completed.

For revenue from application software development service, revenue is recognised over time, using an input method to measure progress towards complete satisfaction of the service.

Revenue from patient counselling service is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

***Other income***

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

**Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

**Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

**Employee benefits**

***Pension schemes***

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local municipal government and the central government, respectively. These subsidiaries are required to contribute a certain percentage of payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

**Dividends**

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

**Research and development cost**

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is 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, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

**Foreign currencies**

The Historical Financial Information is presented in RMB. The functional currency of the Company is the United States dollar ("**US$**"). The Group's presentation currency is RMB because the Group's principal operations are carried out in Mainland China. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each of the Relevant Periods and their profits or losses are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

***Contractual Arrangements***

The Consolidated Affiliated Entities are engaged in the value-added telecommunication services business, internet hospital services, production of radio and television video and programs and internet cultural business. Under the scope of "Encouraged Industry Catalogue for Foreign Investment (2020 version)" and "Special Administrative Measures on Access of Foreign Investment (Negative List)", foreign investors are prohibited to invest in such business.

As disclosed in note 2.1 to the Historical Financial Information, the Group exercises control over the Consolidated Affiliated Entities and enjoys substantially all economic benefits of the Consolidated Affiliated Entities through the Contractual Arrangements.

The Group does not have any equity interests in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Company has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is therefore considered to have control over them. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries. The Group has consolidated the financial position and results of the Consolidated Affiliated Entities in the Historical Financial Information during the Relevant Periods.

***Deferred tax liabilities***

Deferred tax liabilities are recognised for withholding tax in respect of the unremitted earnings of certain subsidiaries of the Group established in Mainland China to the extent that the directors are of the opinion that they would be probable for distribution in the foreseeable future. Significant management judgement is required to determine the amount of deferred tax liabilities that should be recognised. Further details are contained in note 21 to the Historical Financial Information.

***Estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

***Provision for expected credit losses on trade receivables and contract assets***

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on ageing period and days past due for groups of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical expected default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical expected default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical expected default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customers' actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 15 and note 16 to the Historical Financial Information.

***Leases — Estimating the incremental borrowing rate***

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

## 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

### Geographical information

***(a) Revenue from external customers***

| | Year ended 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Mainland China* | 80,557 | 117,730 | 209,836 |
| Overseas | 2,906 | 3,839 | 3,693 |
| | 83,463 | 121,569 | 213,529 |

* Mainland China means the PRC excluding Hong Kong, Macau, and Taiwan.

The revenue information above is based on the locations of the customers.

***(b) Non-current assets***

All non-current assets of the Group are in Mainland China. Accordingly, no geographical information of segment assets is presented.

**Information about major customers**

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the Relevant Periods is set out below:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Customer A | 10,622 | 14,795 | N/A* |
| Customer B | N/A* | 13,566 | 31,424 |

* The corresponding revenue is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the respective years.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue from contracts with customers | 83,463 | 121,569 | 213,529 |

**Revenue from contracts with customers**

***(a) Disaggregated revenue information***

| | Year ended 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Types of services** | | | |
| Precision marketing and corporate solutions: | | | |
| Precision marketing solutions | 53,137 | 78,317 | 156,781 |
| Corporate solutions | 24,923 | 32,823 | 35,045 |
| Medical knowledge solutions | 1,349 | 5,311 | 9,113 |
| Intelligent patient management solutions | 4,054 | 5,118 | 12,590 |
| | 83,463 | 121,569 | 213,529 |
| **Geographical markets** | | | |
| Mainland China | 80,557 | 117,730 | 209,836 |
| Overseas | 2,906 | 3,839 | 3,693 |
| | 83,463 | 121,569 | 213,529 |
| **Timing of revenue recognition** | | | |
| Services transferred at a point in time | 62,390 | 92,036 | 169,637 |
| Services transferred over time | 21,073 | 29,533 | 43,892 |
| | 83,463 | 121,569 | 213,529 |

The following table shows the amounts of revenue recognised during the Relevant Period that were included in the contract liabilities at the beginning of each of the Relevant Periods:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue recognised that was included in contract liabilities at the beginning of the year: | | | |
| Precision marketing solutions | 511 | 1,086 | 974 |
| Corporate solutions | 1,213 | 3,096 | 4,433 |
| Intelligent patient management solutions | 10 | 360 | 639 |
| | 1,734 | 4,542 | 6,046 |

***(b) Performance obligations***

Information about the Group's performance obligations is summarised below:

*Application software development service*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 180 days from the date of billing, except for certain customers, where payment in advance is required.

*Software licensing service*

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required.

*Patient counselling service*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 180 days from the date of billing.

*Other services*

The performance obligation is satisfied at a point in time when the individual service is rendered and payment is generally due within 180 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018, 2019 and 2020 are as follows:

| | As at 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Amounts expected to be recognised as revenue: | | | |
| Within one year | 32,939 | 56,782 | 97,862 |
| After one year | 8,071 | 22,337 | 21,385 |
| | 41,010 | 79,119 | 119,247 |

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to precision marketing solutions and corporate solutions, of which the performance obligations are to be satisfied within three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Other income** | | | |
| Bank interest income | 48 | 83 | 449 |
| Government grants* | 34 | 7 | — |
| Investment income from financial assets at fair value through profit or loss | — | — | 639 |
| Others | 1 | — | 2 |
| | 83 | 90 | 1,090 |
| **Gains** | | | |
| Foreign exchange gains, net | 16 | 6 | — |
| Gains on lease modifications | — | — | 453 |
| | 16 | 6 | 453 |
| | 99 | 96 | 1,543 |

* The government grants mainly represent incentives awarded by the local governments to support the Group's operation. There were no unfulfilled conditions or contingencies attached to these grants.

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | *Notes* | **2018** | **2019** | **2020** |
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| Cost of services provided* | | 33,573 | 44,379 | 57,293 |
| Depreciation of property, plant and equipment | *13* | 1,307 | 1,944 | 2,658 |
| Depreciation of right-of-use assets | *14(a)* | 3,048 | 2,888 | 2,658 |
| Research and development costs** | | 12,151 | 14,992 | 15,701 |
| Impairment/(reversal of impairment) of trade receivables, net*** | *15* | 215 | 724 | (510) |
| Lease payments not included in the measurement of lease liabilities | *14(c)* | 70 | 345 | 881 |
| Covid-19-related rent concessions from lessors | *14(c)* | — | — | (352) |
| Bank interest income | *5* | (48) | (83) | (449) |
| Government grants | *5* | (34) | (7) | — |
| Foreign exchange difference, net | | (16) | (6) | 21 |
| Investment income from financial assets at fair value through profit or loss | *5* | — | — | (639) |
| Gains on lease modifications | *5* | — | — | (453) |
| Auditor's remuneration | | 20 | 20 | 20 |
| Employee benefit expense (excluding directors' and chief executive's remuneration *(note 8)*): | | | | |
| Wages and salaries | | 32,573 | 38,728 | 47,570 |
| Pension scheme contributions | | 5,035 | 5,245 | 437 |
| Staff welfare expenses | | 1,024 | 819 | 862 |
| | | 38,632 | 44,792 | 48,869 |

* The employee benefit expense included in "Cost of services provided" in the consolidated statements of profit or loss and other comprehensive income is RMB20,006,000, RMB22,943,000 and RMB22,997,000 for each of the Relevant Periods.

** The research and development costs are included in "Administrative expenses" in the consolidated statements of profit or loss and other comprehensive income.

*** The impairment or reversal of impairment of trade receivables is included in "Administrative expenses" in the consolidated statements of profit or loss and other comprehensive income.

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Interest on lease liabilities *(note 14)* | 439 | 296 | 209 |

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of each of the Company's directors is set out below:

| | Group | | |
|---|---|---|---|
| | Year ended 31 December | | |
| | 2018 | 2019 | 2020 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Fees | — | — | — |
| Other emoluments: | | | |
| Salaries, bonuses, allowances and benefits in kind | 2,038 | 3,090 | 2,705 |
| Pension scheme contributions | 165 | 150 | 12 |
| | 2,203 | 3,240 | 2,717 |

### (a) Independent non-executive directors

There were no fees and other emoluments payable to the independent non-executive directors during the Relevant Periods. Subsequent to the end of the Relevant Periods, Richard Yeh, Ma Jun and Wang Shan were appointed as independent non-executive directors of the Company on 18 June 2021 with appointment with effect from the listing date.

**(b) Executive directors, non-executive directors and the chief executive**

| | Fees | Salaries, bonuses, allowances and benefits in kind | Pension scheme contributions | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended 31 December 2018** | | | | |
| Executive directors: | | | | |
| Tian Liping* | — | 736 | — | 736 |
| Tian Lixin | — | 542 | 55 | 597 |
| Tian Lijun | — | 414 | 55 | 469 |
| Zhou Xin | — | 346 | 55 | 401 |
| | — | 2,038 | 165 | 2,203 |
| Non-executive directors: | | | | |
| Eiji Tsuchiya | — | — | — | — |
| | — | 2,038 | 165 | 2,203 |
| **Year ended 31 December 2019** | | | | |
| Executive directors: | | | | |
| Tian Liping* | — | 756 | — | 756 |
| Tian Lixin | — | 591 | 50 | 641 |
| Tian Lijun | — | 1,365 | 50 | 1,415 |
| Zhou Xin | — | 378 | 50 | 428 |
| | — | 3,090 | 150 | 3,240 |
| Non-executive directors: | | | | |
| Eiji Tsuchiya | — | — | — | — |
| | — | 3,090 | 150 | 3,240 |
| **Year ended 31 December 2020** | | | | |
| Executive directors: | | | | |
| Tian Liping* | — | 816 | — | 816 |
| Tian Lixin | — | 806 | 4 | 810 |
| Tian Lijun | — | 616 | 4 | 620 |
| Zhou Xin | — | 467 | 4 | 471 |
| | — | 2,705 | 12 | 2,717 |
| Non-executive directors: | | | | |
| Eiji Tsuchiya | — | — | — | — |
| | — | 2,705 | 12 | 2,717 |

* Tian Liping was appointed as the chief executive of the Company.

Subsequent to the end of the Relevant Periods, Li Zhuolin was appointed as a non-executive director of the Company on 4 March 2021.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included three, three and three directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the Relevant Periods of the remaining two, two and two highest paid employees who are neither a director nor chief executive of the Company are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Salaries, bonuses, allowances and benefits in kind | 859 | 1,285 | 1,608 |
| Pension scheme contributions | 110 | 98 | 8 |
| | 969 | 1,383 | 1,616 |

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

| | Number of employees | | |
|---|---|---|---|
| | Year ended 31 December | | |
| | **2018** | **2019** | **2020** |
| Nil to HK$1,000,000 | 2 | 2 | 1 |
| HK$1,000,001 to HK$1,500,000 | — | — | 1 |
| | 2 | 2 | 2 |

## 10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in this jurisdiction.

The statutory tax rate for the subsidiary in Hong Kong is 16.5%. No Hong Kong profits tax on the subsidiary has been provided as there was no assessable profit arising in Hong Kong during the Relevant Periods.

The provision for current income tax in Mainland China is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law, except for Jinye Tiancheng, a subsidiary of the Group. Jinye Tiancheng was accredited as a high and new technology enterprise ("**HNTE**") in 2018 and the certification was valid for three years. For the Relevant Periods, Jinye Tiancheng was entitled to a preferential PRC Corporate Income tax rate of 15%. Jinye Tiancheng needs to renew the HNTE certificate every three years so as to enjoy the reduced tax rate of 15%.

The income tax expense of the Group is analysed as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Current — Mainland China charge for the year | 2,204 | 6,401 | 18,276 |
| Deferred tax *(note 21)* | (373) | (673) | 1,375 |
| Total tax charge for the year | 1,831 | 5,728 | 19,651 |

A reconciliation of the tax expense applicable to profit before tax at the statutory rate in Mainland China to the tax expense at the effective tax rate is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Profit before tax | 16,020 | 36,998 | 104,848 |
| Tax at the statutory tax rate of 25% in Mainland China | 4,005 | 9,250 | 26,212 |
| Preferential tax rates enacted by local authority | (1,685) | (3,138) | (10,195) |
| Additional deductible allowance for research and development expenses | (1,367) | (1,687) | (1,766) |
| Expenses not deductible for tax | 599 | 1,354 | 3,404 |
| Tax losses utilised from previous periods | — | (528) | — |
| Tax losses not recognised | 106 | 4 | 703 |
| Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries *(note 21)* | 173 | 473 | 1,293 |
| Tax charge at the Group's effective tax rate | 1,831 | 5,728 | 19,651 |

## 11. DIVIDENDS

No dividend has been declared and paid by the Company in respect of the Relevant Periods.

## 12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the number of ordinary shares of 535,080,000, which represented the adjusted number of ordinary shares taking into consideration of the subsequent implemented share subdivision (note 30).

There were no potentially dilutive ordinary shares in issue during the Relevant Periods and therefore no adjustment has been made to the basic earnings per share amounts presented in respect of a dilution.

## 13. PROPERTY, PLANT AND EQUIPMENT

| | Electronic equipment | Office equipment | Leasehold improvements | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **31 December 2018** | | | | |
| At 1 January 2018: | | | | |
| Cost | 1,605 | 275 | 1,796 | 3,676 |
| Accumulated depreciation | (957) | (48) | (298) | (1,303) |
| Net carrying amount | 648 | 227 | 1,498 | 2,373 |
| At 1 January 2018, net of accumulated depreciation | 648 | 227 | 1,498 | 2,373 |
| Additions | 472 | 5 | 2,624 | 3,101 |
| Depreciation provided during the year *(note 6)* | (414) | (52) | (841) | (1,307) |
| At 31 December 2018, net of accumulated depreciation | 706 | 180 | 3,281 | 4,167 |
| At 31 December 2018: | | | | |
| Cost | 2,077 | 280 | 4,420 | 6,777 |
| Accumulated depreciation | (1,371) | (100) | (1,139) | (2,610) |
| Net carrying amount | 706 | 180 | 3,281 | 4,167 |
| **31 December 2019** | | | | |
| At 1 January 2019: | | | | |
| Cost | 2,077 | 280 | 4,420 | 6,777 |
| Accumulated depreciation | (1,371) | (100) | (1,139) | (2,610) |
| Net carrying amount | 706 | 180 | 3,281 | 4,167 |
| At 1 January 2019, net of accumulated depreciation | 706 | 180 | 3,281 | 4,167 |
| Additions | 418 | 76 | 1,932 | 2,426 |
| Depreciation provided during the year *(note 6)* | (358) | (53) | (1,533) | (1,944) |
| At 31 December 2019, net of accumulated depreciation | 766 | 203 | 3,680 | 4,649 |
| At 31 December 2019: | | | | |
| Cost | 2,495 | 356 | 6,352 | 9,203 |
| Accumulated depreciation | (1,729) | (153) | (2,672) | (4,554) |
| Net carrying amount | 766 | 203 | 3,680 | 4,649 |

| | Electronic equipment | Office equipment | Leasehold improvements | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **31 December 2020** | | | | |
| At 1 January 2020: | | | | |
| Cost | 2,495 | 356 | 6,352 | 9,203 |
| Accumulated depreciation | (1,729) | (153) | (2,672) | (4,554) |
| Net carrying amount | 766 | 203 | 3,680 | 4,649 |
| At 1 January 2020, net of accumulated depreciation | 766 | 203 | 3,680 | 4,649 |
| Additions | 336 | — | 290 | 626 |
| Depreciation provided during the year *(note 6)* | (369) | (68) | (2,221) | (2,658) |
| At 31 December 2020, net of accumulated depreciation | 733 | 135 | 1,749 | 2,617 |
| At 31 December 2020: | | | | |
| Cost | 2,831 | 356 | 6,642 | 9,829 |
| Accumulated depreciation | (2,098) | (221) | (4,893) | (7,212) |
| Net carrying amount | 733 | 135 | 1,749 | 2,617 |

## 14. LEASES

### The Group as a lessee

The Group has lease contracts for office premises used in its operations. Leases of office premises generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

### *(a) Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

| | Office premises |
|---|---|
| | *RMB'000* |
| As at 1 January 2018 | 9,827 |
| Additions | 71 |
| Depreciation charge *(note 6)* | (3,048) |
| As at 31 December 2018 and at 1 January 2019 | 6,850 |
| Additions | 564 |
| Depreciation charge *(note 6)* | (2,888) |
| As at 31 December 2019 and at 1 January 2020 | 4,526 |
| Additions | 12,494 |
| Reduction as a result of lease modifications | (1,791) |
| Depreciation charge *(note 6)* | (2,658) |
| As at 31 December 2020 | 12,571 |

### *(b) Lease liabilities*

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Carrying amount at 1 January | 10,356 | 7,370 | 4,802 |
| New leases | 71 | 564 | 12,494 |
| Accretion of interest recognised during the year *(note 7)* | 439 | 296 | 209 |
| Covid-19-related rent concessions from lessors | — | — | (352) |
| Reduction as a result of lease modifications | — | — | (2,244) |
| Payments | (3,496) | (3,428) | (2,834) |
| Carrying amount at 31 December | 7,370 | 4,802 | 12,075 |
| Analysed into: | | | |
| Current portion | 3,036 | 3,016 | 2,591 |
| Non-current portion | 4,334 | 1,786 | 9,484 |

The maturity analysis of lease liabilities is disclosed in note 29 to the Historical Financial Information.

***(c) The amounts recognised in profit or loss in relation to leases are as follows:***

| | Year ended 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Interest on lease liabilities | 439 | 296 | 209 |
| Depreciation charge of right-of-use assets | 3,048 | 2,888 | 2,658 |
| Covid-19-related rent concessions from lessors | — | — | (352) |
| Gains on lease modifications | — | — | (453) |
| Expenses relating to short-term leases (included in administrative expenses) | 70 | 345 | 881 |
| Total amount recognised in profit or loss | 3,557 | 3,529 | 2,943 |

***(d) The total cash outflow for leases is disclosed in note 24 to the Historical Financial Information.***

## 15. TRADE RECEIVABLES

| | As at 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables | 26,345 | 36,688 | 43,015 |
| Impairment | (321) | (1,045) | (535) |
| | 26,024 | 35,643 | 42,480 |

The Group's trading terms with its customers are mainly on credit. The credit terms granted generally ranged up to 180 days, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice dates and net of loss allowance, is as follows:

| | As at 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 6 months | 24,659 | 33,248 | 42,179 |
| 6 to 12 months | 1,056 | 1,860 | 152 |
| 1 to 2 years | 198 | 479 | 136 |
| 2 to 3 years | 111 | 56 | 13 |
| | 26,024 | 35,643 | 42,480 |

The movements in the loss allowance for impairment of trade receivables are as follows:

| | As at 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At beginning of year | 106 | 321 | 1,045 |
| Impairment losses, net *(note 6)* | 215 | 724 | (510) |
| At end of year | 321 | 1,045 | 535 |

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on ageing and past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**As at 31 December 2018**

| | Trade receivables ageing | | | | | | |
|---|---|---|---|---|---|---|---|
| | Current | Less than 6 months and past due | 6 to 12 months and past due | 1 to 2 years and past due | 2 to 3 years and past due | Over 3 years and past due | Total |
| Expected credit loss rate | Note | 0.3% | 0.3% | 14.7% | 60.4% | 100.0% | 1.2% |
| Gross carrying amount *(RMB'000)* | 16,033 | 8,650 | 1,059 | 232 | 280 | 91 | 26,345 |
| Expected credit losses *(RMB'000)* | — | 24 | 3 | 34 | 169 | 91 | 321 |

**As at 31 December 2019**

| | Trade receivables ageing | | | | | | |
|---|---|---|---|---|---|---|---|
| | Current | Less than 6 months and past due | 6 to 12 months and past due | 1 to 2 years and past due | 2 to 3 years and past due | Over 3 years and past due | Total |
| Expected credit loss rate | Note | 0.5% | 8.1% | 37.5% | 75.9% | 100.0% | 2.8% |
| Gross carrying amount *(RMB'000)* | 24,150 | 9,148 | 2,023 | 766 | 232 | 369 | 36,688 |
| Expected credit losses *(RMB'000)* | — | 50 | 163 | 287 | 176 | 369 | 1,045 |

**As at 31 December 2020**

| | Trade receivables ageing | | | | | | |
|---|---|---|---|---|---|---|---|
| | Current | Less than 6 months and past due | 6 to 12 months and past due | 1 to 2 years and past due | 2 to 3 years and past due | Over 3 years and past due | Total |
| Expected credit loss rate | Note | 0.4% | 6.2% | 34.3% | 85.7% | 100.0% | 1.2% |
| Gross carrying amount *(RMB'000)* | 30,745 | 11,479 | 162 | 207 | 91 | 331 | 43,015 |
| Expected credit losses *(RMB'000)* | — | 45 | 10 | 71 | 78 | 331 | 535 |

*Note:* The Group estimated the expected credit loss rate to be minimal on the current trade receivables.

## 16. CONTRACT ASSETS

| | As at 31 December | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Contract assets arising from: | | | |
| Precision marketing solutions | 9,260 | 20,083 | 14,372 |
| Corporate solutions | 1,480 | 2,205 | 867 |
| Intelligent patient management solutions | 393 | 994 | 522 |
| | 11,133 | 23,282 | 15,761 |

Contract assets are initially recognised in relation to revenue earned from the provision of precision marketing solutions, corporate solutions and intelligent patient management solutions as the receipt of consideration is conditional on successful completion of multiple services. Upon completion of multiple services, the amounts recognised as contract assets are reclassified to trade receivables. The changes in contract assets during the Relevant Periods were the result of changes in the ongoing provision of services at the end of each of the Relevant Periods.

Included in the Group's contract assets were amounts due from entities controlled by M3, Inc., a shareholder of the Company, of RMB872,000, RMB1,491,000 and RMB432,000 as at 31 December 2018, 2019 and 2020, respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

During the Relevant Periods, the Group estimated the expected credit loss to be minimal on the contract assets.

The expected timing of recovery or settlement for contract assets as at the end of each of the Relevant Periods is as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within one year | 11,133 | 23,282 | 15,761 |

## 17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

| | As at 31 December | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Prepayments | 1,354 | 1,251 | 1,426 |
| Deposits and other receivables | 1,445 | 1,974 | 1,600 |
| | 2,799 | 3,225 | 3,026 |

Included in the Group's prepayments, other receivables and other assets were prepayments to an entity controlled by Tian Liping, a director of the Company, of RMB524,000, RMB306,000 and nil as at 31 December 2018, 2019 and 2020, respectively.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at the end of each of the Relevant Periods, the loss allowance was assessed to be minimal.

## 18. CASH AND CASH EQUIVALENTS

### Group

| | As at 31 December | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and bank balances | 16,530 | 38,883 | 147,095 |
| Denominated in RMB | 15,913 | 38,290 | 146,572 |
| Denominated in US$ | 617 | 593 | 523 |
| | 16,530 | 38,883 | 147,095 |

### Company

| | As at 31 December | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and bank balances | 278 | 255 | 212 |
| Denominated in US$ | 278 | 255 | 212 |

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

## 19. TRADE PAYABLES

| | As at 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 2,454 | 2,634 | 6,265 |

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

| | As at 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 3 months | 820 | 515 | 3,503 |
| 3 to 6 months | 374 | 108 | 185 |
| 6 to 12 months | 154 | 421 | 340 |
| Over 1 year | 1,106 | 1,590 | 2,237 |
| | 2,454 | 2,634 | 6,265 |

Included in the Group's trade payables were amounts due to M3, Inc., a shareholder of the Company, of RMB1,895,000, RMB2,476,000 and RMB3,046,000 as at 31 December 2018, 2019 and 2020, respectively, which are repayable on demand.

The trade payables are non-interest-bearing and are normally settled within six months.

## 20. OTHER PAYABLES AND ACCRUALS

| | Notes | As at 31 December | | |
|---|---|---|---|---|
| | | 2018 | 2019 | 2020 |
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| Payroll payables | | 16,521 | 19,773 | 19,924 |
| Contract liabilities | *(a)* | 4,542 | 6,046 | 16,915 |
| Taxes other than income tax | | 1,737 | 2,871 | 3,284 |
| Deferred revenue | | 165 | 2,519 | 2,724 |
| Accrued expenses | | 581 | 1,204 | 2,156 |
| Other payables | *(b)* | 117 | 9 | 228 |
| | | 23,663 | 32,422 | 45,231 |

(a) Details of contract liabilities are as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Short-term advances received from customers | | | |
| Precision marketing solutions | 1,086 | 974 | 6,201 |
| Corporate solutions | 3,096 | 4,433 | 9,768 |
| Intelligent patient management solutions | 360 | 639 | 946 |
| Total contract liabilities | 4,542 | 6,046 | 16,915 |

Contract liabilities include short-term advances received to render services. The increase in contract liabilities during the Relevant Periods was mainly due to the increase in short-term advances received from customers in relation to the provision of services at the end of each of the Relevant Periods.

(b) Other payables are non-interest-bearing and repayable on demand.

## 21. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

**Deferred tax assets**

| | Impairment of trade receivables | Lease liabilities | Accrued expenses | Deferred revenue | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2018 | 16 | 1,671 | 1,801 | — | 3,488 |
| Deferred tax credited/(charged) to profit or loss during the year *(note 10)* | 32 | (479) | 474 | 41 | 68 |
| At 31 December 2018 and 1 January 2019 | 48 | 1,192 | 2,275 | 41 | 3,556 |
| Deferred tax credited/(charged) to profit or loss during the year *(note 10)* | 109 | (418) | 536 | 539 | 766 |
| At 31 December 2019 and 1 January 2020 | 157 | 774 | 2,811 | 580 | 4,322 |
| Deferred tax credited/(charged) to profit or loss during the year *(note 10)* | (77) | 1,209 | 70 | 51 | 1,253 |
| At 31 December 2020 | 80 | 1,983 | 2,881 | 631 | 5,575 |

**Deferred tax liabilities**

| | Right-of-use assets | Withholding taxes | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2018 | 1,589 | 144 | 1,733 |
| Deferred tax charged/(credited) to profit or loss during the year *(note 10)* | (478) | 173 | (305) |
| At 31 December 2018 and 1 January 2019 | 1,111 | 317 | 1,428 |
| Deferred tax charged/(credited) to profit or loss during the year *(note 10)* | (380) | 473 | 93 |
| At 31 December 2019 and 1 January 2020 | 731 | 790 | 1,521 |
| Deferred tax charged/(credited) to profit or loss during the year *(note 10)* | 1,335 | 1,293 | 2,628 |
| At 31 December 2020 | 2,066 | 2,083 | 4,149 |

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

| | As at 31 December | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Net deferred tax assets recognised in the consolidated statements of financial position | 2,445 | 3,591 | 3,509 |

The Group has tax losses arising in Mainland China of RMB2,113,000, RMB16,000 and RMB2,827,000 as at 31 December 2018, 2019 and 2020, respectively, that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between

Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At the end of each of the Relevant Periods, the directors of the Company, based on the Group's operation and expansion plan, estimated that part of the retained earnings of the PRC subsidiaries would be retained in Mainland China for use in future operations and investments. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB17,930,000, RMB44,775,000 and RMB118,066,000 at 31 December 2018, 2019 and 2020, respectively.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## 22. SHARE CAPITAL

### Group and Company

| | As at 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *US$* | *US$* | *US$* |
| Authorised: | | | |
| 50,000,000 ordinary shares of US$0.01 each | 500,000 | 500,000 | 500,000 |
| Issued and fully paid: | | | |
| 535,080 ordinary shares of US$0.01 each | 5,351 | 5,351 | 5,351 |
| Equivalent to RMB | 33,000 | 33,000 | 33,000 |

## 23. RESERVES

### Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Group.

***Share premium***

The share premium represents the difference between the par value of shares issued and the consideration received.

***Statutory surplus reserve***

In accordance with the Company Law of the PRC, subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their statutory surplus reserve until the reserve reaches 50% of their registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

***Exchange fluctuation reserve***

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

**Company**

| | Share capital | Share premium | Exchange fluctuation reserve | Accumu-lated losses | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2018 | 33 | 10,059 | 666 | (385) | 10,373 |
| Total comprehensive income for the year | — | — | 520 | (46) | 474 |
| At 31 December 2018 and 1 January 2019 | 33 | 10,059 | 1,186 | (431) | 10,847 |
| Total comprehensive income for the year | — | — | 179 | (28) | 151 |
| At 31 December 2019 and 1 January 2020 | 33 | 10,059 | 1,365 | (459) | 10,998 |
| Total comprehensive income for the year | — | — | (710) | (28) | (738) |
| At 31 December 2020 | 33 | 10,059 | 655 | (487) | 10,260 |

## 24. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB71,000, RMB564,000 and RMB12,494,000, respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

| | Amounts due to directors | Lease liabilities |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| At 1 January 2018 | 2,350 | 10,356 |
| New leases | — | 71 |
| Changes from financing cash flows | (2,350) | (3,496) |
| Interest expense | — | 439 |
| At 31 December 2018 and 1 January 2019 | — | 7,370 |
| New leases | — | 564 |
| Changes from financing cash flows | — | (3,428) |
| Interest expense | — | 296 |
| At 31 December 2019 and 1 January 2020 | — | 4,802 |
| New leases | — | 12,494 |
| Changes from financing cash flows | — | (2,834) |
| Covid-19-related rent concession from lessors | — | (352) |
| Reduction as a result of lease modifications | — | (2,244) |
| Interest expense | — | 209 |
| At 31 December 2020 | — | 12,075 |

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within operating activities | 70 | 345 | 881 |
| Within financing activities | 3,496 | 3,428 | 2,834 |
| | 3,566 | 3,773 | 3,715 |

## 25. COMMITMENTS

At the end of each of the Relevant Periods, the Group did not have any significant commitments.

## 26. RELATED PARTY TRANSACTIONS

Details of the Group's related parties are as follows:

| Company | Relationship with the Company |
|---|---|
| Tian Liping | Director |
| Tian Lixin | Director |
| M3, Inc. | Shareholder of the Company |
| M3 USA Corporation ("**M3 USA**") | Entity controlled by M3, Inc. |
| M3 (EU) Limited ("**M3 (EU)**") | Entity controlled by M3, Inc. |
| Qualitative and Quantitative Fieldwork Service AB ("**QQFS**") | Entity controlled by M3, Inc. |
| Beijing Jinye Tiansheng Technology Co., Ltd. ("**Jinye Tiansheng**") | Entity controlled by Tian Liping |

(a) The Group had the following transactions with related parties during the Relevant Periods:

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | *Notes* | **2018** | **2019** | **2020** |
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| Corporate solutions provided to: | | | | |
| M3 USA | *(i)* | 1,728 | 1,507 | 1,468 |
| M3 (EU) | *(i)* | 807 | 2,115 | 1,987 |
| M3, Inc. | *(i)* | 371 | 193 | 225 |
| QQFS | *(i)* | — | 24 | 13 |
| | | 2,906 | 3,839 | 3,693 |
| Software licensing fee to: | | | | |
| M3 USA | *(ii)* | 63 | 94 | 305 |
| License and service fees to: | | | | |
| M3, Inc. | *(iii)* | 884 | 991 | 906 |

| | Notes | Year ended 31 December | | |
|---|---|---|---|---|
| | | 2018 | 2019 | 2020 |
| | | RMB'000 | RMB'000 | RMB'000 |
| Outsourcing fee to: | | | | |
| Jinye Tiansheng | (iv) | 1,152 | 1,462 | 1,375 |
| Repayments to: | | | | |
| Tian Liping | (v) | 2,000 | — | — |
| Tian Lixin | (v) | 350 | — | — |
| | | 2,350 | — | — |

*Notes:*

(i) The service fees were determined on normal commercial terms, negotiated on arm's length basis, on similar basis as the Group conducted businesses with other independent third parties.

(ii) The software licensing fee to M3 USA was made according to the published prices and conditions offered by the related party to its major customers.

(iii) The license and service fees were determined on the basis of arm's length negotiations between the parties.

(iv) The outsourcing fee was charged with reference to prices mutually agreed between the parties.

(v) The loans from directors were unsecured and interest-free.

(b) Outstanding balances with related parties:

| | As at 31 December | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | RMB'000 | RMB'000 | RMB'000 |
| Contract assets | | | |
| M3 (EU) | 270 | 713 | 11 |
| M3 USA | 602 | 778 | 421 |
| | 872 | 1,491 | 432 |
| Prepayments | | | |
| Jinye Tiansheng | 524 | 306 | — |
| Trade payables | | | |
| M3, Inc. | 1,895 | 2,476 | 3,046 |

The outstanding balances with related parties were all trade in nature. Details of the Group's trade balances with related parties are disclosed in notes 16, 17 and 19 to the Historical Financial Information.

(c) Compensation of key management personnel of the Group:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Salaries, allowances and benefits in kind | 3,542 | 5,385 | 5,444 |
| Pension scheme contributions | 380 | 337 | 28 |
| Total compensation paid to key management personnel | 3,922 | 5,722 | 5,472 |

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

## 27. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

**Group**

***Financial assets at amortised cost***

| | As at 31 December | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables | 26,024 | 35,643 | 42,480 |
| Financial assets included in prepayments, other receivables and other assets | 1,445 | 1,974 | 1,600 |
| Cash and cash equivalents | 16,530 | 38,883 | 147,095 |
| | 43,999 | 76,500 | 191,175 |

***Financial liabilities at amortised cost***

| | As at 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 2,454 | 2,634 | 6,265 |
| Financial liabilities included in other payables and accruals | 117 | 9 | 228 |
| Lease liabilities | 7,370 | 4,802 | 12,075 |
| | 9,941 | 7,445 | 18,568 |

**Company**

***Financial assets at amortised cost***

| | As at 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and cash equivalents | 278 | 255 | 212 |

## 28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals and the current portion of lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of lease liabilities has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for lease liabilities as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group invests in unlisted investments, which represent certain financial products issued by commercial banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using the valuation technique based on the sum of principal and interest receivable.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

### Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year-end staging classification at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

*As at 31 December 2018*

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables* | — | — | — | 26,345 | 26,345 |
| Contract assets* | — | — | — | 11,133 | 11,133 |
| Financial assets included in prepayments, other receivables and other assets | | | | | |
| — Normal** | 1,445 | — | — | — | 1,445 |
| Cash and cash equivalents | | | | | |
| — Not yet past due | 16,530 | — | — | — | 16,530 |
| | 17,975 | — | — | 37,478 | 55,453 |

*As at 31 December 2019*

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables * | — | — | — | 36,688 | 36,688 |
| Contract assets* | — | — | — | 23,282 | 23,282 |
| Financial assets included in prepayments, other receivables and other assets | | | | | |
| — Normal** | 1,974 | — | — | — | 1,974 |
| Cash and cash equivalents | | | | | |
| — Not yet past due | 38,883 | — | — | — | 38,883 |
| | 40,857 | — | — | 59,970 | 100,827 |

*As at 31 December 2020*

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables* | — | — | — | 43,015 | 43,015 |
| Contract assets* | — | — | — | 15,761 | 15,761 |
| Financial assets included in prepayments, other receivables and other assets | | | | | |
| — Normal** | 1,600 | — | — | — | 1,600 |
| Cash and cash equivalents | | | | | |
| — Not yet past due | 147,095 | — | — | — | 147,095 |
| | 148,695 | — | — | 58,776 | 207,471 |

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, further information is disclosed in note 15 and note 16 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets are considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 15 to the Historical Financial Information.

**Liquidity risk**

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

| | 31 December 2018 | | | | | |
|---|---|---|---|---|---|---|
| | On demand | Less than 3 months | 3 to 12 months | 1 to 3 years | Over 3 years | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 2,454 | — | — | — | — | 2,454 |
| Lease liabilities | — | 876 | 2,453 | 4,518 | — | 7,847 |
| Financial liabilities included in other payables and accruals | 117 | — | — | — | — | 117 |
| | 2,571 | 876 | 2,453 | 4,518 | — | 10,418 |

| | 31 December 2019 | | | | | |
|---|---|---|---|---|---|---|
| | On demand | Less than 3 months | 3 to 12 months | 1 to 3 years | Over 3 years | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 2,634 | — | — | — | — | 2,634 |
| Lease liabilities | — | 730 | 2,460 | 1,823 | — | 5,013 |
| Financial liabilities included in other payables and accruals | 9 | — | — | — | — | 9 |
| | 2,643 | 730 | 2,460 | 1,823 | — | 7,656 |

| | 31 December 2020 | | | | | |
|---|---|---|---|---|---|---|
| | On demand | Less than 3 months | 3 to 12 months | 1 to 3 years | Over 3 years | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 6,265 | — | — | — | — | 6,265 |
| Lease liabilities | — | 665 | 2,355 | 5,499 | 4,726 | 13,245 |
| Financial liabilities included in other payables and accruals | 228 | — | — | — | — | 228 |
| | 6,493 | 665 | 2,355 | 5,499 | 4,726 | 19,738 |

**Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a debt to equity ratio, which is net debt divided by total equity multiplied by 100%. Net debt includes trade payables, other payables and accruals and lease liabilities less cash and cash equivalents. Capital represents total equity of the Group. The debt to equity ratios as at the end of each of the Relevant Periods were as follows:

| | As at 31 December | | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 2,454 | 2,634 | 6,265 |
| Other payables and accruals | 23,663 | 32,422 | 45,231 |
| Lease liabilities | 7,370 | 4,802 | 12,075 |
| Less: Cash and cash equivalents | (16,530) | (38,883) | (147,095) |
| Net debt/(cash) | 16,957 | 975 | (83,524) |
| Total equity | 34,958 | 66,232 | 151,414 |
| Debt to equity ratio | 49% | 1% | N/A |

## 30. EVENTS AFTER THE RELEVANT PERIODS

On 29 March 2021, the Company implemented the share subdivision whereby each existing issued and unissued ordinary share with par value of US$0.01 in the authorised share capital of the Company were subdivided into 1,000 ordinary shares with par value of US$0.00001 each and the authorised share capital of the Company was altered to US$500,000 divided into 50,000,000,000 shares with par value of US$0.00001 each. The total number of issued shares in the Company increased from 535,080 shares to 535,080,000 shares.

In order to incentivise the directors, senior management and employees for their contribution to the Group and to attract and retain skilled and experienced personnel to enhance the development of the Group, the Company has adopted the pre-IPO share option scheme on 29 March 2021. As of the date of this report, the pre-IPO share options for an aggregate of 26,754,000 shares, representing 3.88% of the issued share capital of the Company immediately following completion of the global offering (without taking into account any shares which to be issued pursuant to the exercise of the over-allotment option and any option granted or to be granted under the share option schemes), have been granted to 62 grantees on 2 April 2021.

On 18 June 2021, the Company declared a special interim dividend of RMB92 million, which amount is determined with reference to the level of distributable reserves of the Group available for distribution to the shareholders as of 31 December 2020. The special interim dividend is conditional upon listing and is payable to all existing shareholders, Tiantian Co., Limited and M3, Inc., in the proportion of 50:50. The special interim dividend will be paid before 30 September 2021 and will be funded using the internal resources of the Company.

## 31. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2020.

*The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included for information purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" 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 net tangible assets of the Group prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited 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 for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to owners of the Company as at 31 December 2020 as if the Global Offering had taken place on 31 December 2020.

The unaudited pro forma statement of adjusted net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the net tangible assets attributable to owners of the Company had the Global Offering been completed as at 31 December 2020 or at any future date. It is prepared based on the consolidated net tangible assets attributable to the owners of the Company as at 31 December 2020 as set out in the Accountants' Report as set out in Appendix I to this Prospectus, and adjusted as described below.

| | **Consolidated net tangible assets attributable to owners of the Company as at 31 December 2020** | **Estimated net proceeds from the Global Offering** | **Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at 31 December 2020** | **Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2020** | **Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2020** |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB* | *(HK$ equivalent)* |
| | *(Note 1)* | *(Note 2)* | | *(Note 3)* | *(Note 4)* |
| Based on an Offer Price of HK$24.1 per Share | 151,414 | 2,944,009 | 3,095,423 | 4.48 | 5.39 |
| Based on an Offer Price of HK$27.2 per Share | 151,414 | 3,326,762 | 3,478,176 | 5.04 | 6.06 |

*Notes:*

1. The consolidated net tangible assets attributable to owners of the Company as at 31 December 2020 is 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 estimated offer prices of HK$24.1 or HK$27.2 per Share after deduction of the underwriting fees and other related expenses payable by our Company and do not take into account any Shares which may be issued upon exercise of the Over-allotment Option.

3. The share subdivision of one share into 1,000 Shares was implemented on 29 March 2021. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share are calculated based on the share subdivision having been completed and 690,176,000 Shares in issue immediately upon the completion of the Global Offering assuming that the Global Offering has been completed on 31 December 2020 for the purpose of the pro forma financial information and does not take into account any Shares which may be issued upon exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Schemes.

4. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share are converted into Hong Kong dollars at an exchange rate of RMB0.8315 to HK$1.00.

5. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company have not taken into account the special interim dividend of RMB92 million. Had the special interim dividend been taken into account, the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share would be HK$5.23 (equivalent to RMB4.35) per Share (based on an Offer Price of HK$24.1) or HK$5.90 (equivalent to RMB4.91) per Share (based on an Offer Price of HK$27.2 per Share).

6. No adjustment has been made to reflect any trading results or open transactions of the Group entered into subsequent to 31 December 2020.

*The following is the text of a report, prepared for the purpose of incorporation in this Prospectus, received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.*

## B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

**To the Directors of Medlive Technology Co., Ltd.**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Medlive Technology Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 December 2020, and related notes as set out on pages II-1 to II-2 of the prospectus dated 30 June 2021 issued by the Company (the "**Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II (A).

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 31 December 2020 as if the transaction had taken place at 31 December 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2020, on which an accountants' report has been published.

**Directors' responsibility 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 ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**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.

Our 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*, 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 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 purposes 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 the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if 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 the transaction 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 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' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the 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.

**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 purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Ernst & Young**
*Certified Public Accountants*
Hong Kong
30 June 2021

*This Appendix contains a summary of the Memorandum and Articles of Association of our Company. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors. As stated in "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V, a copy of the Memorandum and Articles of Association is available for inspection.*

## SUMMARY OF THE CONSTITUTION OF THE COMPANY

### 1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on June 18, 2021 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection — 2. Documents available for inspection".

### 2 Articles of Association

The Articles of Association of the Company were conditionally adopted on June 18, 2021 and include provisions to the following effect:

#### *2.1 Classes of Shares*

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US$500,000.00 divided into 50,000,000,000 shares of US$0.00001 each.

### *2.2 Directors*

*(a) Power to allot and issue Shares*

Subject to the provisions of the Companies Act and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Act and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

*(b) Power to dispose of the assets of the Company or any subsidiary*

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Act expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Act and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

*(c) Compensation or payment for loss of office*

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

*(d) Loans to Directors*

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

*(e) Financial assistance to purchase Shares*

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

*(f) Disclosure of interest in contracts with the Company or any of its subsidiaries*

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

*(g) Remuneration*

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

*(h) Retirement, appointment and removal*

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may also by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

*(i) Borrowing powers*

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

*(j) Proceedings of the Board*

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairperson of the meeting shall have a second or casting vote.

***2.3 Alteration to constitutional documents***

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

***2.4 Variation of rights of existing shares or classes of shares***

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

***2.5 Alteration of capital***

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Act; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Act.

### *2.6 Special resolution — majority required*

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

### *2.7 Voting rights*

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member Present shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be Present at any meeting, that one of the said persons so Present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be Present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

For the purpose of this section:

"**Communication Facilities**" means video, video-conferencing, internet or online conferencing applications, telephone or tele-conferencing and/or any other video communications, internet or online conferencing applications or telecommunications facilities by means of which all Persons participating in a meeting are capable of hearing and being heard by each other.

"**Person**" means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires.

"**Present**" means, in respect of any Person, such Person's presence at a general meeting, which may be satisfied by means of such Person or, if a corporation or other non-natural Person, its duly authorised representative (or, in the case of any member, a proxy which has been validly appointed by such member in accordance with the Articles), being (a) physically present at the meeting; or (b) in the case of any meeting at which Communication Facilities are permitted in accordance with the Articles, connected by means of the use of such Communication Facilities.

### *2.8 Annual general meetings and extraordinary general meetings*

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

If the Directors wish to make such facilities available for a specific general meeting or all general meetings of the Company, attendance and participation in any general meeting of the Company may, in addition to physical attendance, be by means of Communication Facilities.

### *2.9 Accounts and audit*

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Act.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Act or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

***2.10 Auditors***

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

***2.11 Notice of meetings and business to be conducted thereat***

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. The notice of any general meeting (including a postponed or reconvened meeting held pursuant to the Articles) at which Communication Facilities will be utilised must disclose the Communication Facilities that will be used, including the procedures to be followed by any member or other participant of the meeting who wishes to utilise such Communication Facilities for the purposes of attending and participating in such meeting, including attending and casting any vote thereat. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(a) the Company shall endeavour to cause a notice of such postponement (which shall include the reason for such postponement) to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable (provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to gale warning or a black rainstorm warning being in force on the day of the general meeting).

(b) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(c) notice of the business to be transacted at the reconvened meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the reconvened meeting is the same as that set out in the notice of the original meeting circulated to the members of the Company.

***2.12 Transfer of shares***

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

### *2.13 Power of the Company to purchase its own shares*

The Company is empowered by the Companies Act and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

### *2.14 Power of any subsidiary of the Company to own shares*

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

### *2.15 Dividends and other methods of distribution*

Subject to the Companies Act and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

***2.16 Proxies***

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less

than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

***2.17 Calls on shares and forfeiture of shares***

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

***2.18 Inspection of register of members***

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

***2.19 Quorum for meetings and separate class meetings***

No business shall be transacted at any general meeting unless a quorum is Present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairperson which shall not be treated as part of the business of the meeting.

Two members of the Company Present shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member Present.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be Present if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

***2.20 Rights of minorities in relation to fraud or oppression***

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

***2.21 Procedure on liquidation***

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding

up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Act, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

***2.22 Untraceable members***

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

## SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

### 1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

### 2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 April 2013 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

### 3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

## 4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

## 5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

## 6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

**7 Disposal of Assets**

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

**8 Accounting and Auditing Requirements**

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

**9 Register of Members**

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

### 10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

### 11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

### 12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

### 13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving

company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

**14 Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

**15 Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

## 16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

## 17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

## 18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

## 19 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

    (i) on or in respect of the shares, debentures or other obligations of the Company; or

    (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

## 20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

## 21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection — 2. Documents available for inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

## A. FURTHER INFORMATION ABOUT OUR GROUP

### 1. Incorporation of Our Company

We were incorporated in the Cayman Islands under Cayman Companies Act as an exempted company with limited liability on April 8, 2013. We have established a principal place of business in Hong Kong at 31/F., Tower Two, Times Square, 1 Matheson Street, Hong Kong and were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on March 19, 2021. Ms. Szeto Kar Yee Cynthia (司徒嘉怡) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As we were incorporated in the Cayman Islands, our operations is subject to the Cayman Companies Act and to the Memorandum and Articles of Association. A summary of the certain aspects of the Cayman Islands company law and a summary of certain provisions of the Memorandum and Articles of Association is set out in "Summary of the Constitution of Our Company and Cayman Companies Act" in Appendix III to this prospectus.

### 2. Changes in the Share Capital of Our Company

The following changes in the share capital of our Company have taken place within the two years immediately preceding the date of this prospectus:

- On March 29, 2021, our Company implemented the Share Subdivision whereby each existing issued and unissued ordinary share with par value of US$0.01 in the authorized share capital of our Company were subdivided into 1,000 ordinary shares with par value of US$0.00001 each and the authorized share capital of our Company was altered to US$500,000 divided into 50,000,000,000 shares with par value of US$0.00001 each.

Save as disclosed above and in this prospectus, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this prospectus.

Assuming that the Global Offering becomes unconditional, immediately following the completion of the Global Offering but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and any options granted or to be granted under the Share Option Schemes, the issued share capital of our Company will be US$6,902, divided into 690,176,000 Shares of US$0.00001 each, all fully paid or credited as fully paid and 49,309,824,000 Shares of US$0.00001 each will remain unissued.

**3. Resolutions in Writing of the Shareholders of Our Company Passed on June 18, 2021**

Pursuant to the written resolutions passed by the Shareholders on June 18, 2021:

(a) conditional on (1) the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, (2) the Offer Price being fixed on the Price Determination Date and (3) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

(i) the adoption of the Memorandum and Articles of Association which will come into effect upon Listing was approved;

(ii) the Global Offering was approved and our Directors were authorized to allot and issue the new Shares pursuant to the Global Offering;

(iii) the granting of the Over-allotment Option was approved; and

(iv) the proposed Listing was approved and our Directors were authorized to implement the Listing.

(b) a general unconditional mandate was granted to our Directors to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by our Directors other than pursuant to (a) a rights issue, (b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, (c) the exercise of options granted or to be granted under the Share Option Schemes, (d) the exercise of any subscription or conversion rights attaching to any warrants or securities which are convertible into Shares or in issue prior to the date of passing the relevant resolution or (e) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of (1) 20% of the total nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options granted or to be granted under the Share Option Schemes) and (2) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (c)

below, such mandate to remain in effect during the period from the passing of the resolution until the earliest of the conclusion of our next annual general meeting, the end of the period within which we are required by any applicable law or the Articles of Association to hold our next annual general meeting and the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Applicable Period**");

(c) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose Shares with a total nominal value of not more than 10% of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options granted or to be granted under the Share Option Schemes), such mandate to remain in effect during the Applicable Period;

(d) the general unconditional mandate mentioned in paragraph (c) above be extended by the addition to the aggregate nominal amount of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (c) above, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the Company's share capital in issue immediately following completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options granted or to be granted under the Share Option Schemes); and

(e) the rules of the Post-IPO Share Option Scheme, the principal terms of which are set forth in "D. Share Option Schemes — 2. Post-IPO Share Option Scheme" in this Appendix, were approved and adopted conditional on (1) the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted pursuant to the Post-IPO Share Option Scheme and (2) the commencement of trading of the Shares on the Main Board of the Stock Exchange, and our Directors were authorized to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any options which may be granted pursuant to the Post-IPO Share Option Scheme and to take all such actions as may be necessary and/or desirable to implement and give effect to the Post-IPO Share Option Scheme.

## 4. Our Corporate Reorganization

The companies comprising the Group underwent the Reorganization in preparation for the Listing. Please refer to the section headed "History, Reorganization and Corporate Structure" in this prospectus for further details.

## 5. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries are referred to in the Accountant's Report, the text of which is set out in Appendix I. Save for the subsidiaries mentioned in the Accountant's Report, we do not have any other subsidiaries.

There have been no alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

## 6. Repurchases of Our Own Securities

### *(a) Provisions of the Listing Rules*

The Listing Rules permit companies listed on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

*(i) Shareholders' Approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders on June 18, 2021, a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately 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 and any Shares to be issued upon the exercise of the options granted or to be granted under the Share Option Schemes), such mandate to expire at the conclusion of our next annual general meeting, the

date by which our next annual general meeting is required by the Cayman Companies Act or by our Articles of Association or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

*(ii) Source of Funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by our Company may be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Act, out of capital.

*(iii) Trading Restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

*(iv) Status of Repurchased Shares*

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

*(v) Suspension of Repurchase*

A listed company may not make any repurchase of securities at any time after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

*(vi) Reporting Requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

*(vii) Connected Persons*

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

***(b) Reasons for Repurchases***

The Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the

same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit our Company and our Shareholders.

***(c) Funding of Repurchases***

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with its Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. There could be a material adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

***(d) General***

The exercise in full of the repurchase mandate, on the basis of 690,176,000 Shares in issue immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options granted or to be granted pursuant to the Share Option Schemes, could accordingly result in up to approximately 69,017,600 Shares being repurchased by our Company during the period prior to:

(i) the conclusion of our next annual general meeting; or

(ii) the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or

(iii) the date when the repurchase mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates has any present intention to sell any Shares to our Company or our subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

No core connected person of our Company has notified our Company that he or she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public falling below 25% of the total number of Shares in issue, being the relevant minimum prescribed percentage as required by the Stock Exchange, could only be implemented if the Stock Exchange agreed to waive the requirement regarding the public float under Rule 8.08 of the Listing Rules. However, the Directors have no present intention to exercise the repurchase mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Listing Rules.

## B. FURTHER INFORMATION ABOUT OUR BUSINESS

### 1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

a) the exclusive operation services agreement dated March 8, 2021 (the "**Exclusive Operation Services Agreement**") entered into among Jinye Tiancheng, Yimaihutong, Tian Liping (田立平) and Li Zhuolin (李卓霖), pursuant to which Yimaihutong, Tian Liping (田立平) and Li Zhuolin (李卓霖) agreed to engage Jinye Tiancheng as its exclusive service provider and Yimaihutong shall pay to Jinye Tiancheng a service fee;

b) the exclusive option agreement dated March 8, 2021 (the "**Exclusive Option Agreement**") entered into among Jinye Tiancheng, Tian Liping (田立平), Li Zhuolin (李卓霖) and Yimaihutong, pursuant to which (i) each of Tian Liping (田立平) and Li Zhuolin (李卓霖) irrevocably and unconditionally grants an exclusive option to Jinye Tiancheng to purchase (a) all or part of the equity interests in Yimaihutong and (b) Tian Liping (田立平)'s and Li Zhuolin (李卓霖)'s present and future rights, interests, income, claims, current or future receivables and compensations related to their equity interests in Yimaihutong and dividends and other payments distributed from Yimaihutong to the Tian Liping (田立平) and Li Zhuolin (李卓霖) from time to time and (ii) Yimaihutong irrevocably and unconditionally grants an exclusive option to Jinye Tiancheng to purchase all or part of the assets of Yimaihutong, any time at the minimum purchase price permitted under PRC laws;

c) the equity pledge agreement dated March 8, 2021 (the "**Equity Pledge Agreement**") entered into among Jinye Tiancheng, Tian Liping (田立平), Li Zhuolin (李卓霖) and Yimaihutong, pursuant to which each of Tian Liping (田立平) and Li Zhuolin (李卓霖) agrees to pledge to Jinye Tiancheng (i) all of their respective equity interests in Yimaihutong, and (ii) Tian Liping (田立平)'s and Li Zhuolin (李卓霖)'s present and future rights, interests, income, claims, current or future receivables and compensations related to their equity interests in Yimaihutong and dividends and other payments distributed from Yimaihutong to Tian Liping (田立平), Li Zhuolin (李卓霖) from time to time, to secure performance of, among other things, their obligations under the Equity Pledge Agreement;

d) the loan agreement dated March 2, 2021 entered into between Jinye Tiancheng and Li Zhuolin (李卓霖), pursuant to which Jinye Tiancheng made a loan in an amount of RMB1,260,998.02 to Li Zhuolin (李卓霖);

e) the shareholders' rights entrustment agreement dated March 8, 2021 entered into among Jinye Tiancheng, Tian Liping (田立平), Li Zhuolin (李卓霖) and Yimaihutong, pursuant to which Tian Liping (田立平) and Li Zhuolin (李卓霖) agreed to authorize and entrust Jinye Tiancheng (and its successors or liquidators), or such natural person as Jinye Tiancheng may designate, to exercise all of his/her rights and powers as a shareholder of Yimaihutong to the extent permitted by the PRC laws;

f) the spouse undertaking dated March 8, 2021 executed by Zhang Xiaofeng (張曉峰), the spouse of Tian Liping (田立平), to the effect that he has no right to the 50% equity interest in Yimaihutong held by Tian Liping (田立平);

g) the spouse undertaking dated March 8, 2021 executed by Piao Hui (朴惠), the spouse of Li Zhuolin (李卓霖), to the effect that she has no right to the 50% equity interest in Yimaihutong held by Li Zhuolin (李卓霖);

h) the termination agreement of original VIE agreements dated March 8, 2021 entered into among Jinye Tiancheng, Tian Liping (田立平), Li Zhuolin (李卓霖) and Yimaihutong, pursuant to which the equity option agreement, equity pledge agreement and voting rights constraint agreement, each dated November 6, 2013 and entered into between Jinye Tiancheng and Tian Liping (田立平) and the secondment agreement, the consultancy agreement and the software licensing agreement, each dated November 6, 2013 and entered into between Jinye Tiancheng and Yimaihutong were terminated;

i) the equity transfer agreement dated February 8, 2021 entered into between Yimaihutong and Jinye Tiancheng, pursuant to which Yimaihutong transferred to Jinye Tiancheng 100% equity interest in Maili Technology at a consideration of RMB2,000,000;

j) the Deed of Non-competition dated June 18, 2021 entered into among Tian Liping (田立平), Tian Lixin (田立新), Tian Lijun (田立軍), Tiantian and the Company;

k) the Deed of Non-competition dated June 18, 2021 entered into between M3 and the Company;

l) a cornerstone investment agreement dated June 28, 2021 entered into among the Company, Fidelity Management & Research (Hong Kong) Limited, Goldman Sachs (Asia) L.L.C., Haitong International Capital Limited and Haitong International Securities Company Limited, details of which are included in the section headed "Cornerstone Investors" in this prospectus;

m) a cornerstone investment agreement dated June 28, 2021 entered into among the Company, FIL Investment Management (Hong Kong) Limited (富達基金(香港)有限公司), Goldman Sachs (Asia) L.L.C., Haitong International Capital Limited and Haitong International Securities Company Limited, details of which are included in the section headed "Cornerstone Investors" in this prospectus;

n) a cornerstone investment agreement dated June 28, 2021 entered into among the Company, Tencent Mobility Limited, Goldman Sachs (Asia) L.L.C., Haitong International Capital Limited and Haitong International Securities Company Limited, details of which are included in the section headed "Cornerstone Investors" in this prospectus;

o) a cornerstone investment agreement dated June 28, 2021 entered into among the Company, GIC Private Limited, Goldman Sachs (Asia) L.L.C., Haitong International Capital Limited and Haitong International Securities Company Limited, details of which are included in the section headed "Cornerstone Investors" in this prospectus;

p) a cornerstone investment agreement dated June 28, 2021 entered into among the Company, Matthews International Capital Management, LLC, Goldman Sachs (Asia) L.L.C., Haitong International Capital Limited and Haitong International Securities Company Limited, details of which are included in the section headed "Cornerstone Investors" in this prospectus;

q) a cornerstone investment agreement dated June 28, 2021 entered into among the Company, Springhill Master Fund Limited, Goldman Sachs (Asia) L.L.C., Haitong International Capital Limited and Haitong International Securities Company Limited, details of which are included in the section headed "Cornerstone Investors" in this prospectus;

r) a cornerstone investment agreement dated June 28, 2021 entered into among the Company, OrbiMed Partners Master Fund Limited, Worldwide Healthcare Trust PLC, OrbiMed Genesis Master Fund, L.P., OrbiMed New Horizons Master Fund, L.P., OrbiMed Global Healthcare Master Fund, L.P., Goldman Sachs (Asia) L.L.C., Haitong International Capital Limited and Haitong International Securities Company Limited, details of which are included in the section headed "Cornerstone Investors" in this prospectus; and

s) the Hong Kong Underwriting Agreement.

## 2. Intellectual Property Rights of the Group

As of the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.

*(a) Trademarks*

As of the Latest Practicable Date, we have registered the following trademarks which are material to our business:

| No. | Trademark | Type and class | Registered owner | Place of registration | Registration number | Registration date | Expiry date |
|---|---|---|---|---|---|---|---|
| 1. | 医脉通 | 35 | Yimaihutong | PRC | 15661544 | December 28, 2015 | December 27, 2025 |
| 2. | 医脉通 | 9 | Yimaihutong | PRC | 15661465 | January 7, 2016 | January 6, 2026 |
| 3. | 医脉通 | 10 | Yimaihutong | PRC | 18208212 | December 7, 2016 | December 6, 2026 |
| 4. | 医脉通 | 35 | Yimaihutong | PRC | 18208225 | February 28, 2017 | February 27, 2027 |
| 5. | 医脉通 | 42 | Yimaihutong | PRC | 14347301 | May 21, 2015 | May 20, 2025 |
| 6. | 医脉通 | 44 | Yimaihutong | PRC | 18208278 | February 14, 2017 | February 13, 2027 |
| 7. | 医脉人才 career.medlive.cn | 35 | Yimaihutong | PRC | 19300324 | April 21, 2017 | April 20, 2027 |
| 8. | 医脉猎头 career.medlive.cn | 35 | Yimaihutong | PRC | 24825171 | June 28, 2018 | June 27, 2028 |
| 9. | 医知源 | 9 | Yimaihutong | PRC | 32597060 | April 7, 2019 | April 6, 2029 |
| 10. | 医知源 | 35 | Yimaihutong | PRC | 3590989 | April 7, 2019 | April 6, 2029 |
| 11. | 医知源 | 38 | Yimaihutong | PRC | 33097340 | June 21, 2019 | June 20, 2029 |
| 12. | 医知行 | 9 | Yimaihutong | PRC | 32609875 | April 7, 2019 | April 6, 2029 |

| No. | Trademark | Type and class | Registered owner | Place of registration | Registration number | Registration date | Expiry date |
|---|---|---|---|---|---|---|---|
| 13. | 医知行 | 35 | Yimaihutong | PRC | 33112172 | June 21, 2019 | June 20, 2029 |
| 14. | 医知行 | 38 | Yimaihutong | PRC | 33112913 | June 21, 2019 | June 20, 2029 |
| 15. | 医知行 | 44 | Yimaihutong | PRC | 32609116 | May 14, 2019 | May 13, 2029 |
| 16. | KING YEE | 35 | Jinye Tiancheng | PRC | 17101498 | October 21, 2016 | October 20, 2026 |
| 17. | Virtual Rep | 9 | Jinye Tiancheng | PRC | 17404394 | September 7, 2016 | September 6, 2026 |
| 18. | Virtual Rep | 38 | Jinye Tiancheng | PRC | 17404154 | September 14, 2016 | September 13, 2026 |
| 19. | Virtual Rep | 42 | Jinye Tiancheng | PRC | 17403960 | September 14, 2016 | September 13, 2026 |
| 20. | eRep | 38 | Jinye Tiancheng | PRC | 17404764 | February 21, 2017 | February 20, 2027 |

As of the Latest Practicable Date, we have applied for the registration of the following trademark which is material to our business:

| No. | Trademark | Type and class | Name of applicant | Place of application | Application number | Application date |
|---|---|---|---|---|---|---|
| 1. | 医脉通 medlive.cn | 9, 35, 42 | the Company | Hong Kong | 305518242 | January 26, 2021 |
| 2. | 医脉通 | 35 | Yimaihutong | PRC | 48038816 | July 13, 2020 |
| 3. | 医脉通 | 9 | Yimaihutong | PRC | 48020282 | July 13, 2020 |

***(b) Domain Names***

As of the Latest Practicable Date, we have registered the following domain names which are material to our business:

| No. | Domain name | Registrant | Registration date | Expiry date |
|---|---|---|---|---|
| 1. | yimt.com | Yimaihutong | November 26, 2001 | November 26, 2021 |
| 2. | kingyee.com.cn | Jinye Tiancheng | February 19, 2003 | February 19, 2029 |
| 3. | kingyee.cn | Jinye Tiancheng | July 7, 2005 | July 7, 2024 |
| 4. | medlive.cn | Yimaihutong | August 8, 2006 | August 8, 2023 |
| 5. | medlive.com.cn | Yimaihutong | August 8, 2006 | August 8, 2023 |
| 6. | yimt.com.cn | Yimaihutong | December 26, 2007 | December 26, 2021 |
| 7. | meddir.cn | Jinye Tiancheng | October 9, 2010 | October 26, 2021 |
| 8. | yimt.net | Yimaihutong | November 15, 2010 | November 15, 2021 |
| 9. | yimt.cn | Yimaihutong | November 23, 2010 | November 23, 2021 |
| 10. | sciemr.com | Yimaihutong | April 11, 2011 | April 11, 2024 |
| 11. | kingyee.com | Jinye Tiancheng | June 6, 2011 | June 7, 2024 |
| 12. | medscape.com.cn | Jinye Tiancheng | February 16, 2012 | March 17, 2023 |
| 13. | kydev.net | Yimaihutong | February 16, 2012 | March 17, 2022 |
| 14. | kingyee.co | Jinye Tiancheng | June 9, 2013 | June 9, 2024 |
| 15. | cfcwk.com | Jinye Tiancheng | June 19, 2013 | June 19, 2022 |
| 16. | oncodr.com | Yimaihutong | February 15, 2015 | February 15, 2022 |
| 17. | oncodr.com.cn | Yimaihutong | February 15, 2015 | February 15, 2022 |

| No. | Domain name | Registrant | Registration date | Expiry date |
|---|---|---|---|---|
| 18. | kingyeedev.cn | Jinye Tiancheng | January 26, 2016 | January 26, 2022 |
| 19. | ymsjjc.com | Jinye Tiancheng | January 28, 2016 | January 28, 2022 |
| 20. | 医脉通.公司 | Yimaihutong | August 22, 2016 | October 11, 2022 |
| 21. | 医脉通.网络 | Yimaihutong | August 22, 2016 | October 11, 2022 |
| 22. | leikeguanai.com | Yimaihutong | May 17, 2017 | May 17, 2022 |
| 23. | meddb.cn | Jinye Tiancheng | July 6, 2017 | July 6, 2022 |
| 24. | medhos.cn | Yimaihutong | October 17, 2018 | October 17, 2025 |
| 25. | medlivedev.cn | Jinye Tiancheng | April 29, 2019 | April 29, 2024 |
| 26. | ymtproject.com | Yimaihutong | November 20, 2019 | November 20, 2021 |
| 27. | lvluoyisheng.com | Yimaihutong | March 17, 2020 | March 17, 2022 |
| 28. | lvluoyisheng.cn | Yimaihutong | March 17, 2020 | March 17, 2022 |
| 29. | lvluoyisheng.com.cn | Yimaihutong | March 17, 2020 | March 17, 2022 |
| 30. | tmkpap.org.cn | Jinye Tiancheng | April 27, 2020 | April 27, 2022 |
| 31. | medhos.net | Yinchuan Yimaitong | November 9, 2020 | November 9, 2022 |
| 32. | kydev.cn | Yimaihutong | November 30, 2020 | November 30, 2022 |
| 33. | medli.cn | Yimaihutong | January 29, 2021 | January 29, 2024 |
| 34. | medlive.hk | Yimaihutong | March 23, 2021 | March 23, 2024 |

### *(c) Copyrights*

As of the Latest Practicable Date, we have registered the following software copyrights which are material to our business:

| No. | Title of software copyright | Registered owner | Registration number | Place of registration | First publication date | Registration Date | Expiry date |
|---|---|---|---|---|---|---|---|
| 1. | 新編全醫藥學大詞典 V1.0 . . . . . | Jinye Tiancheng | 2014SR001741 | PRC | March 5, 2003 | January 7, 2014 | December 31, 2053 |
| 2. | 醫師用藥參考軟件 V1.0 . . . . . | Jinye Tiancheng | 2014SR001756 | PRC | March 5, 2003 | January 7, 2014 | December 31, 2053 |
| 3. | 《醫學文獻王》軟件 V1.0 . . . . . | Jinye Tiancheng | 2014SR001807 | PRC | June 30, 2004 | January 7, 2014 | December 31, 2054 |
| 4. | 新編全醫藥學大詞典 2008軟件V1.0. . . . . | Jinye Tiancheng | 2014SR001853 | PRC | October 10, 2007 | January 7, 2014 | December 31, 2057 |
| 5. | 醫脈通檢索平台軟件 (簡稱：醫脈通)V1.0 . | Jinye Tiancheng | 2014SR001786 | PRC | January 10, 2008 | January 7, 2014 | December 31, 2058 |
| 6. | 臨床用藥參考 軟件(2015版) V1.0 . . | Jinye Tiancheng | 2014SR052068 | PRC | January 15, 2014 | April 30, 2014 | December 31, 2064 |
| 7. | 臨床數據管理 系統V1.0 . . . . . | Jinye Tiancheng | 2014SR052054 | PRC | January 16, 2014 | April 30, 2014 | December 31, 2064 |
| 8. | 文獻王軟件 (2015版) V1.0. . . . . | Jinye Tiancheng | 2014SR051010 | PRC | January 22, 2014 | April 28, 2014 | December 31, 2064 |
| 9. | 全醫藥學大詞典 軟件(2015版) V1.0 . . | Jinye Tiancheng | 2014SR050076 | PRC | January 20, 2014 | April 26, 2014 | December 31, 2064 |

| No. | Title of software copyright | Registered owner | Registration number | Place of registration | First publication date | Registration Date | Expiry date |
|---|---|---|---|---|---|---|---|
| 10. | 神經肌肉病信息化診斷系統V1.0. . . . . | Shi Qiang, Song Haiwen, Zhang Shengbo, Jinye Tiancheng and the General Hospital of the People's Liberation Army | 2017SR446662 | PRC | March 27, 2017 | August 14, 2017 | December 31, 2067 |
| 11. | 臨床指南APPV6.2.0 . . | Jinye Tiancheng | 2019SR0814690 | PRC | May 27, 2013 | August 6, 2019 | December 31, 2063 |
| 12. | 醫知源醫學信息平台(簡稱：醫知源)V1.1.3 . . . . . | Jinye Tiancheng | 2019SR1222953 | PRC | September 18, 2019 | November 27, 2019 | December 31, 2069 |
| 13. | 醫學大講堂平台(簡稱：e脈播)V1.0 . | Jinye Tiancheng | 2020SR1260220 | PRC | January 6, 2020 | November 26, 2020 | December 31, 2070 |
| 14. | 醫學智能問答系統V1.0 . . . . . | Jinye Tiancheng | 2020SR1243988 | PRC | January 4, 2019 | October 26, 2020 | December 31, 2069 |
| 15. | 微信整合管理平台1.0. . | Jinye Tiancheng | 2020SR1243790 | PRC | December 1, 2019 | October 26, 2020 | December 31, 2069 |
| 16. | 代表目標管理系統1.0. . | Jinye Tiancheng | 2020SR1243884 | PRC | January 1, 2019 | October 26, 2020 | December 31, 2069 |
| 17. | 虛擬代表系統(簡稱：E信使)V8.0 . | Jinye Tiancheng | 2020SR1243890 | PRC | January 3, 2014 | October 26, 2020 | December 31, 2064 |
| 18. | 醫藥輿情洞察與管理系統1.0 . . . . . | Jinye Tiancheng | 2020SR1243888 | PRC | June 10, 2020 | October 26, 2020 | December 31, 2070 |
| 19. | 患者援助項目信息管理系統1.0 . . . . . | Jinye Tiancheng | 2020SR1243886 | PRC | June 9, 2020 | October 26, 2020 | December 31, 2070 |

| No. | Title of software copyright | Registered owner | Registration number | Place of registration | First publication date | Registration Date | Expiry date |
|---|---|---|---|---|---|---|---|
| 20. | 醫學標準化術語集聚合管理系統1.0. . . . . | Jinye Tiancheng | 2020SR1260209 | PRC | June 9, 2020 | November 26, 2020 | December 31, 2070 |
| 21. | 臨床試驗中央隨機系統 | Jinye Tiancheng | 2020SR1257920 | PRC | June 10, 2020 | November 20, 2020 | December 31, 2070 |
| 22. | e研通臨床試驗數據採集系統1.0 . . . . . | Jinye Tiancheng | 2020SR1260210 | PRC | March 10, 2020 | November 26, 2020 | December 31, 2070 |
| 23. | 毛髮疾病專病門診數據庫 2 1.0 . . . . . | Jinye Tiancheng | 2020SR1861928 | PRC | September 17, 2018 | December 21, 2020 | December 31, 2068 |
| 24. | 中國抑鬱症患者治療數據庫V1.0 . . . . . | Jinye Tiancheng | 2020SR1861929 | PRC | June 4, 2018 | December 21, 2020 | December 31, 2068 |
| 25. | 肺癌骨轉移管理軟件 . . | Jinye Tiancheng | 2020SR1861927 | PRC | March 15, 2019 | December 21, 2020 | December 31, 2069 |
| 26. | 最强醫腦醫學知識競賽平台V1.0 . . . . . | Yimaihutong | 2020SR1501230 | PRC | Unpublished | September 16, 2020 | December 31, 2070 |
| 27. | 醫脈人才服務管理系統V1.0 . . . . . | Yimaihutong | 2020SR1501229 | PRC | Unpublished | September 16, 2020 | December 31, 2070 |
| 28. | 醫生畫像管理系統V1.0. | Yimaihutong | 2020SR1501228 | PRC | Unpublished | September 16, 2020 | December 31, 2070 |
| 29. | 醫辯到底在線辯論競賽平台V1.0 . . . . . | Yimaihutong | 2020SR1500923 | PRC | Unpublished | September 16, 2020 | December 31, 2070 |
| 30. | 基於動態影像識別的人體行為分析輔助診斷系統V1.0. . . . . | Yimaihutong | 2020SR1501232 | PRC | Unpublished | September 16, 2020 | December 31, 2070 |
| 31. | 基於神經網絡的智能語音合成系統V1.0 . . | Yimaihutong | 2020SR1501231 | PRC | Unpublished | September 16, 2020 | December 31, 2070 |
| 32. | 醫生信息管理系統V1.0 . . . . . | Yimaihutong | 2020SR1501227 | PRC | Unpublished | September 16, 2020 | December 31, 2070 |

| No. | Title of software copyright | Registered owner | Registration number | Place of registration | First publication date | Registration Date | Expiry date |
|---|---|---|---|---|---|---|---|
| 33. | 醫學科普服務平台 (簡稱: 1.0) V1.0 . . . | Yimaihutong | 2020SR1501226 | PRC | Unpublished | September 16, 2020 | December 31, 2070 |
| 34. | 智能文獻分析系統V1.0. | Yimaihutong | 2020SR1501225 | PRC | Unpublished | September 16, 2020 | December 31, 2070 |
| 35. | 基於大數據分析的智能信息推薦系統V1.0 . . | Yimaihutong | 2020SR1501233 | PRC | Unpublished | September 16, 2020 | December 31, 2070 |
| 36. | 醫學術語查詢平台 V1.0 . . . . . | Yimaihutong | 2020SR1501234 | PRC | Unpublished | September 16, 2020 | December 31, 2070 |
| 37. | 聲紋智能識別與輔助診斷決策系統V1.0 . . | Yimaihutong | 2020SR1501235 | PRC | Unpublished | September 16, 2020 | December 31, 2070 |
| 38. | 比鄰醫生APP V1.0.1 . . | Yinchuan Yimaitong | 2020SR1920146 | PRC | Unpublished | December 31, 2020 | December 31, 2070 |

Save as aforesaid, as at the Latest Practicable Date, there were no other trade or service marks, patents, designs, intellectual or industrial property rights which were material in relation to our Group's business.

## C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 1. Disclosure of Interests

#### *(a) Interests of the Directors and the Chief Executive of Our Company*

Immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the interests or short positions of the Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company or our 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, pursuant to Section 352 of the SFO, to be entered in the register referred to in

that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed, will be as follows:

*(i) Interest in our Company*

| | | Immediately following the completion of the Global Offering | |
|---|---|---|---|
| **Name of Director** | **Nature of interest** | **Number of Shares held[2]** | **Approximate percentage of shareholding interest[1]** |
| Ms. Tian Liping[3][4] | Interest in controlled corporation | 267,540,000 | 38.76% |
| | Beneficial interest | 10,138,000 | 1.47% |
| | Interest of spouse | 100,000 | 0.01% |
| Mr. Tian Lixin[3][5] | Interest in controlled corporation | 267,540,000 | 38.76% |
| | Beneficial interest | 2,550,000 | 0.37% |
| | Interest of spouse | 100,000 | 0.01% |
| Mr. Tian Lijun[3][6] | Beneficial interest | 2,550,000 | 0.37% |

*Notes:*

(1) The calculation is based on the total number of 690,176,000 Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options granted or to be granted under the Share Option Schemes).

(2) All interests stated are long positions.

(3) Ms. Tian Liping, Mr. Tian Lixin and Mr. Tian Lijun are brothers and sister of each other. Tiantian is held as to 48%, 37% and 15% by Ms. Tian Liping, Mr. Tian Lixin and Mr. Tian Lijun, respectively. Tiantian directly holds 267,540,000 Shares, and Ms. Tian Liping and Mr. Tian Lixin are deemed to be interested in the 267,540,000 Shares held by Tiantian.

(4) Ms. Tian Liping was granted Pre-IPO Share Options on April 2, 2021 to subscribe for 10,138,000 Shares. Ms. Tian Liping is deemed to be interested in the Pre-IPO Share Options granted to Mr. Zhang Xiaofeng (張曉峰) on April 2, 2021, the spouse of Ms. Tian Liping, to subscribe for 100,000 Shares.

(5) Mr. Tian Lixin was granted Pre-IPO Share Options on April 2, 2021 to subscribe for 2,550,000 Shares. Mr. Tian Lixin is deemed to be interested in the Pre-IPO Share Options granted to Ms. Liu Lingdi (劉領娣) on April 2, 2021, the spouse of Mr. Tian Lixin, to subscribe for 100,000 Shares.

(6) Mr. Tian Lijun was granted Pre-IPO Share Options on April 2, 2021 to subscribe for 2,550,000 Shares.

*(ii) Interest in our subsidiary, Yimaihutong*

| Name of Director | Nature of interest | Number of securities held | Approximate percentage of shareholding interest |
|---|---|---|---|
| Ms. Tian Liping . . . . . | Beneficial owner | RMB5,000,000 registered capital | 50% |
| Dr. Li Zhuolin (李卓霖) . . . . . | Beneficial owner | RMB5,000,000 registered capital | 50% |

***(b) Interests of the Substantial Shareholders***

Save as disclosed in "Substantial Shareholders", immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, our Directors or chief executive are not aware of any other person (other than a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, 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 any other member of the Company.

## 2. Directors' Service Contracts and Letters of Appointment

Each of our executive Directors has entered into a service contract with our Company on June 18, 2021 and we have issued letters of appointment to each of our non-executive Directors and each of our independent non-executive Directors. The service contracts with each of our executive Directors and the letters of appointment with each of our non-executive Directors are for an initial fixed term of three years commencing from June 18, 2021. The letters of appointment with each of our independent non-executive Directors are for an initial fixed term of three years. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

**3. Directors' Remuneration**

The aggregate remuneration (including fees, salaries, discretionary bonuses, allowances, benefits in kind, and contributions to pension schemes) paid to the Directors for the years ended December 31, 2018, 2019 and 2020 were approximately RMB2.2 million, RMB3.2 million and RMB2.7 million, respectively.

Save as disclosed above, no other payments have been made or are payable, in respect of the years ended December 31, 2018, 2019 and 2020, by any of member of the Group to any of the Directors.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus and share based compensation, of the Directors for the year ending December 31, 2021 to be approximately RMB3.8 million.

**4. Directors' Competing Interests**

None of our Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

**5. Disclaimers**

Save as disclosed in this prospectus:

(a) none of the Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our 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 he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange;

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, 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 any other member of the Group;

(c) none of the Directors nor any of the persons listed in "— E. Other Information — 5. Qualification of Experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(d) none of the Directors nor any of the persons listed in "— E. Other Information — 5. Qualification of Experts" below is materially interested in any contract or arrangement with the Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of the Group as a whole;

(e) save in connection with Underwriting Agreements, none of the persons listed in "— E. Other Information — 5. Qualification of Experts" below has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(f) none of the Directors has entered or has proposed to enter into any service agreements with our Company or any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) except for (i) Ms. Tian Liping, (ii) Mr. Tian Lijun, (iii) Ms. Liu Lingdi, the spouse of Mr. Tian Lixin, (iv) M3, and (v) Mr. Eiji Tsuchiya, Ms. Zhou Xin and Dr. Li Zhuolin, each of whom owned an insignificant amount of equity interest in, or stock options granted by, M3 as of the Latest Practicable Date, none of our Directors, their respective close associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customers or five largest suppliers.

## D. SHARE OPTION SCHEMES

### 1. Pre-IPO Share Option Scheme

We adopted the Pre-IPO Share Option Scheme on March 29, 2021. The Pre-IPO Share Option Scheme is intended to provide employees of our Group with an opportunity to enjoy our success and incentives to their future performance. The principal terms of the Pre-IPO Share Option Scheme are similar to the terms of the Post-IPO Share Option Scheme except for the following:

(a) save for the Pre-IPO Share Options granted on April 2, 2021, no further Pre-IPO Share Options will be granted on or after Listing Date;

(b) the option period in respect of the Pre-IPO Share Options shall be from the Listing Date until the 5th anniversary of the Listing Date after which unexercised Pre-IPO Share Options shall lapse and the Pre-IPO Share Option Scheme shall terminate;

(c) the Pre-IPO Share Options shall be vested in four equal tranches with the vesting date on the first, second, third and fourth anniversary date of the Listing Date;

(d) the total number of Shares which may be issued upon exercise of all Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme must not in aggregate exceed 26,754,000 Shares, representing 3.88% of the issued share capital immediately after the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any option granted or may be granted under the Share Option Schemes); and

(e) the exercise price per Share shall be RMB0.38 per Share, representing a discount of 98.52% to the mid-point of the Offer Price range (assuming the Offer Price is fixed at HK$25.65, being the mid-point of the indicative Offer Price range).

As of the date of this prospectus, Pre-IPO Share Options for an aggregate of 26,754,000 Shares, representing 3.88% of the issued share capital of our Company immediately following completion of the Global Offering (without taking into account any Shares which to be issued pursuant to the exercise of the Over-allotment Option and any option granted or to be granted under the Share Option Schemes), have been granted to 62 Grantees on April 2, 2021. No further option will be granted under the Pre-IPO Share Option Scheme after Listing. Each Grantee is required to pay RMB1.00 by way of consideration for the grant of the Pre-IPO Share Options. All Grantees have accepted the Pre-IPO Share Options that were granted to them.

Assuming full exercise of the outstanding Pre-IPO Share Options under the Pre-IPO Share Option Scheme, the shareholding of our Shareholders immediately following the Global Offering will be diluted by approximately 3.73%, calculated based on 690,176,000 Shares in issue immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no other Shares are issued pursuant to the Share Option Schemes).

The table below shows the details of Pre-IPO Share Options granted to our Directors and members of our senior management under the Pre-IPO Share Option Scheme.

| Name of grantees of Pre-IPO Share Options | Position held with our Group | Address | Date of Grant | Exercise price (RMB per Share) | Option period[1] | Total number of Shares underlying the outstanding Pre-IPO Share Options | Approximate percentage of shareholding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options granted or to be granted under the Share Option Schemes) |
|---|---|---|---|---|---|---|---|
| *Directors of our Company* | | | | | | | |
| Tian Liping (田立平) . . | Chairwoman, Chief, Executive Officer and executive Director | 701, Unit 1, Building No. 6, Courtyard 97, Yaojiayuan Road, Chaoyang District, Beijing, PRC | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 10,138,000 | 1.47% |
| Tian Lixin (田立新) . . . | President, the head of Medical Information Science Research Unit and executive Director | 28A, 2nd Floor, Building No. 4, No. 39 Wangjing North Road, Chaoyang District, Beijing, PRC | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 2,550,000 | 0.37% |
| Tian Lijun (田立軍) . . . | Executive Director, vice president and deputy head of Medical Information Science Research Unit | 402, Unit 2, Building No. 236, Jingaojiayuan, Chaoyang District, Beijing, PRC | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 2,550,000 | 0.37% |
| **Subtotal:** . . . . . | | | | | | 15,238,000 | 2.21% |

| Name of grantees of Pre-IPO Share Options | Position held with our Group | Address | Date of Grant | Exercise price (RMB per Share) | Option period[1] | Total number of Shares underlying the outstanding Pre-IPO Share Options | Approximate percentage of shareholding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options granted or to be granted under the Share Option Schemes) |
|---|---|---|---|---|---|---|---|
| *Senior management members of our Group* | | | | | | | |
| Xin Jiangtao (辛江濤) . . | Vice president | 7-2605, Huimin Courtyard, Tonghuijiayuan Chaoyang District, Beijing, PRC | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 3,500,000 | 0.51% |
| Yang Liancheng (楊連成) . . . . . | Vice president | 3-1106 Rongning Courtyard, No. 60 Guanganmen South Street, Xuanwu District, Beijing, PRC | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 750,000 | 0.11% |
| Jiang Nan (姜男) . . . . | Medical director, the chief editor of our content team and a deputy head of Medical Information Science Research Unit | 16-2-401, District 2, Yunqu Courtyard, Longzeyuan Street, Changping District, Beijing, PRC | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 260,000 | 0.04% |
| Liu Juan (劉娟) . . . . . | Assistant to Chairwoman, and the chief client officer | 1403, Unit 2, Building No.1, No. 2 Courtyard, Dingfujiayuan South District, Chaoyang District, Beijing, PRC | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 750,000 | 0.11% |
| **Subtotal:** . . . . . | | | | | | 5,260,000 | 0.76% |
| **Total:** . . . . . | | | | | | 20,498,000 | 2.97% |

*Note:*

(1) The Pre-IPO Share Options granted to these grantees shall be vested in four equal tranches with the vesting date on the first, second, third and fourth anniversary date of the Listing Date.

The table below shows the detail of Pre-IPO Share Options granted to associates of our Directors. No Pre-IPO Share Options had been granted to other connected persons under the Pre-IPO Share Option Scheme.

| Name of grantees of Pre-IPO Share Options | Relationship with our Directors | Address | Date of Grant | Exercise price (RMB per Share) | Option period [1] | Total number of Shares underlying the outstanding Pre-IPO Share Options | Approximate percentage of shareholding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options granted or to be granted under the Share Option Schemes) |
|---|---|---|---|---|---|---|---|
| Zhang Xiaofeng (張曉峰) . . . . . | Spouse of Ms. Tian Liping | 701, Unit 1, Building No. 6, Courtyard 97, Yaojiayuan Road, Chaoyang District, Beijing, PRC | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 100,000 | 0.01% |
| Liu Lingdi (劉領娣) . . . | Spouse of Mr. Tian Lixin | 28A, 2nd Floor, Building No. 4, No. 39 Wangjing North Road, Chaoyang District, Beijing, PRC | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 100,000 | 0.01% |
| **Total:** . . . . . | | | | | | 200,000 | 0.03% |

*Note:*

(1) The Pre-IPO Share Options granted to these grantees shall be vested in four equal tranches with the vesting date on the first, second, third and fourth anniversary date of the Listing Date.

The table below shows the detail of Pre-IPO Share Options granted to our employees receiving Pre-IPO Share Options to subscribe for 260,000 or more Shares, other than the Grantees who are our Directors and members of our senior management and associates of our Directors, under the Pre-IPO Share Option Scheme that are outstanding as of the Latest Practicable Date.

| Name of grantees of Pre-IPO Share Options | Position held with our Group | Address | Date of Grant | Exercise price (RMB per Share) | Option period[(1)] | Total number of Share underlying the outstanding Pre-IPO Share Options | Approximate percentage of shareholding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options granted or to be granted under the Share Option Schemes) |
|---|---|---|---|---|---|---|---|
| Zhao Zhanchong (趙占沖) | Procurement Director | 1806, Unit 2, Building No. 2 Yanbao Shuangqiao Jiayuan, Chaoyang District, Beijing, PRC | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 771,500 | 0.11% |
| Zhang Tingting (張婷婷) | Finance Manager | 1205, Building No. 217, Huixinli, Chaoyang District, Beijing, PRC | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 771,500 | 0.11% |
| Pei Hong (裴宏) | Director of Development Department | 4-1-304, Zhongjian Guojigang, Daxing District, Beijing, PRC | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 771,500 | 0.11% |
| Liu Xingxing (劉興興) | Sales Management Manager | 208, Building No. 16, Jinfujiayuan, Dingfuzhuang North Street, Chaoyang District, Beijing, PRC | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 771,500 | 0.11% |
| Guo Qi (郭奇) | Director of Development Department | 1102, Unit 1, Building No. 5, Dongba Hengdajiangwan, Chaoyang District, Beijing, PRC | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 260,000 | 0.04% |
| Jia Yunliang (賈雲亮) | Senior Engineer | 8B2703 Yanyuqingyuan, 26 Maofang Street, Qinghe, Haidian District, Beijing, PRC | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 260,000 | 0.04% |
| **Total** | | | | | | **3,606,000** | **0.52%** |

*Note:*

(1) The Pre-IPO Share Options granted to these grantees shall be vested in four equal tranches with the vesting date on the first, second, third and fourth anniversary date of the Listing Date.

The table below shows the details of Pre-IPO Share Options granted to our employees, other than the Grantees as set out in the table above, under the Pre-IPO Share Option Scheme that are outstanding as of the Latest Practicable Date.

| Total number of grantees | Date of grant | Exercise price (RMB per Share) | Option period[(1)] | Total number of Shares underlying the outstanding Pre-IPO Share Options | Approximate percentage of shareholding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options granted or to be granted under the Share Option Schemes) |
|---|---|---|---|---|---|
| 47 | April 2, 2021 | 0.38 | Listing Date until the 5th anniversary of the Listing Date | 2,450,000 | 0.35% |

*Note:*

(1) The Pre-IPO Share Options granted to these grantees shall be vested in four equal tranches with the vesting date on the first, second, third and fourth anniversary date of the Listing Date.

Application has been made to the Stock Exchange for the listing of, and permission to deal in, on the Main Board our Shares which may be issued pursuant to the exercise of the Pre-IPO Share Options, that is 26,754,000 Shares representing 3.88% of total Shares in issue immediately following completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options granted or to be granted under the Share Option Schemes).

Assuming the maximum number of Shares that can be issued upon the full exercise of the Pre-IPO Share Options had been in issue throughout the year ended December 31, 2020 and that the Share Subdivision of one share into 1,000 Shares had been implemented, there would be a dilution effect of approximately 4.76% on the audited basic and diluted earnings per Share attributable to ordinary equity holders of the parent for the year ended December 31, 2020 from RMB15.92 cents to RMB15.16 cents. In addition, we are required to recognize share-based compensation as expenses. We estimate that we will recognize the share-based compensation expenses to an amount of RMB14.3 million in the year ending December 31, 2021.

Our Company has applied for, and has been granted, (i) a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix IA to the Listing Rules; and (ii) an exemption from the SFC from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance. See "Waivers and Exemptions from Strict Compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance" for details.

## 2. Post-IPO Share Option Scheme

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally approved and adopted by our Shareholders on June 18, 2021 and its implementation is conditional on the Listing.

### *(a) Purpose*

The purpose of the Post-IPO Share Option Scheme is to incentivize and reward the Eligible Persons for their contribution to our Group and to align their interests with that of our Company so as to encourage them to work towards enhancing the value of our Company.

### *(b) Who may participate*

The Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Post-IPO Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to an employee (whether full time or part-time) or a director of a member of our Group or associated companies of our Company ("**Eligible Persons**").

### *(c) Maximum number of Shares in respect of which options may be granted*

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes (the "**Other Schemes**") of our Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date, being 69,017,600 Shares, or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme and any Other Scheme of our Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Board may, with the approval of the Shareholders in general meeting refresh, the Scheme Mandate Limit provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the Post-IPO Share Option Scheme and any Other Schemes of our Company under the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion as at the date of on which the Shareholders approve the refreshment of the Scheme Mandate Limit. Options previously granted under the Post-IPO Share Option Scheme and any Other Schemes of our Company (including those outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as "refreshed". The Board may, with the approval of the Shareholders in general meeting, grant options to any Eligible Person specifically identified by them which would cause the Scheme Mandate Limit to be exceeded. Our Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval of the Shareholders.

At any time, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the Post-IPO Share Option Scheme and any Other Schemes of our Company to Eligible Persons must not exceed 30% of the total number of Shares in issue from time to time.

The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or independent financial adviser appointed by the Board shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of our Company whether by way of capitalization of profits or reserves, rights issue, consolidation or subdivision of shares, or reduction of the share capital of our Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction.

***(d) Maximum entitlement of each individual***

No options shall be granted to any Eligible Person under the Post-IPO Share Option Scheme and any Other Schemes of our Company which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all options granted to him (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of offer of such options, exceeds 1% of the Shares in issue at such date or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion.

Any further grant of options to an Eligible Person in excess of this 1% limit or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion shall be subject to the approval of the Shareholders in general meeting with such Eligible Person and his close associates (or if such Eligible Person is a connected person of our Company, his associates) abstaining from voting. Our Company must send a circular to the Shareholders disclosing the identity of the Eligible Person in question, the number and terms of the options to be granted (and options previously granted to such Eligible Person) and such other information required under the Listing Rules.

The number and terms (including the exercise price) of the options to be granted to such Eligible Person must be fixed before the Shareholders' approval and the date of the Board meeting approving such further grant shall be taken as the date of grant for the purpose of determining the exercise price of the options.

***(e) Grant of options to connected persons***

Each grant of options to a Director (including an independent non-executive Director) of any member of our Group or associated company of our Company, chief executive or substantial shareholder of our Company, or any of their respective associates, under the Post-IPO Share Option Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).

Where any grant of options to a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under the Post-IPO Share Option Scheme (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK$5 million,

such further grant of options by the Board must be approved by the Shareholders in general meeting. Any Shareholder who is a connected person of our Company must abstain from voting on the resolution to approve such further grant of options, except that such a connected person may vote against such resolution subject to the requirements of the Listing Rules. Our Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval of the Shareholders.

***(f) Acceptance of an offer of options***

An offer of options shall be open for acceptance for such period (not exceeding 30 days inclusive of, and from, the date of offer) as the Board may determine and notify to the Eligible Person concerned provided that no such offer shall be open for acceptance after the expiry of the duration of the Post-IPO Share Option Scheme. An offer of options not accepted within this period shall lapse. An amount of HK$1.00 is payable upon acceptance of the grant of an option and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.

***(g) Exercise price***

Subject to any adjustment made as described in sub-paragraph (u) below, the exercise price shall be such price as determined by the Board and notified to an option-holder and which shall not be less than the higher of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of offer of the option;

(ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and

(iii) the nominal value of the Shares.

***(h) Duration of Post-IPO Share Option Scheme***

The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing from the Listing Date, after which period no further options will be granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Post-IPO Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Post-IPO Share Option Scheme.

***(i) Time of vesting and exercise of options***

Any option shall be vested on an option-holder immediately upon his acceptance of the offer of options provided that if any vesting schedule and/or conditions are specified in the offer of the option, such option shall only be vested on an option-holder according to such vesting schedule and/or upon the fulfillment of the vesting conditions (as the case may be). Any vested option which has not lapsed and which conditions have been satisfied or waived by the Board in its sole discretion may, unless the Board determines otherwise in its absolute discretion, be exercised at any time from the next business day after the offer of options has been accepted. Any option which remains unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed ten years from the offer date of the option or such longer period as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion (the "**Option Period**").

An option shall be subject to such terms and conditions (if any) as may be determined by the Board and specified in the offer of the option, including any vesting schedule and/or conditions, any minimum period for which any option must be held before it can be exercised and/or any performance target which need to be achieved by our Company and/or an option-holder before the option can be exercised. Such terms and conditions determined by the Board must not be contrary to the purpose of the Post-IPO Share Option Scheme and must be consistent with such guidelines (if any) as may be approved from time to time by the Shareholders. If an option-holder is transferred to work in the PRC or another country and still continues to hold a salaried office or employment under a contract with a member of our Group or associated companies of our Company, and as a result of that transfer, he either (i) suffers a tax disadvantage in relation to his options (this being shown to the satisfaction of the Board); or (ii) becomes subject to restrictions on his ability to exercise his Options or to hold or deal in the Shares or the proceeds of the sale of the Shares acquired on exercise because of the security laws or exchange control laws of the PRC or the country to which he is transferred, then the Board may allow him to exercise his options, vested or unvested, during the period starting three months before and ending three months after the transfer takes place.

No option may be exercised in circumstances where such exercise would, in the opinion of the Board, be in breach of a statutory or regulatory requirement.

***(j) Restriction on the time of grant of options***

A grant of options may not be made after inside information has come to our knowledge until such inside information has been announced as required under the Listing Rules. In particular, no option may be granted during the period commencing:

(i) 60 days immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual results or the deadline for our Company to publish an announcement of our annual results, if the grant is made to a Director; and

(ii) 30 days immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any annual, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) or the deadline for our Company to publish an announcement of our results for any year, or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), if the grant is made to any Eligible Person other than a Director,

and ending on the date of the results announcement. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

***(k) Ranking of the Shares***

No dividends (including distributions made upon the liquidation of our Company) will be payable and no voting rights will be exercisable in relation to an option that has not been exercised. Shares allotted and issued on the exercise of an option will rank equally in all respects with the Shares in issue on the date of allotment. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

***(l) Restrictions on transfer***

Except for the transmission of an option on the death of an option-holder to his personal representatives, neither the option nor any rights in respect of it may be transferred, assigned or otherwise disposed of by any option-holder to any other person or entity. If an option-holder transfers, assigns or disposes of any such option or rights, whether voluntarily or involuntarily, then the relevant option will immediately lapse.

***(m) Rights on voluntary resignation***

If an option-holder ceases to be an Eligible Person by reason of his voluntary resignation (other than in circumstances where he is constructively dismissed), any outstanding offer of options shall continue to be open for acceptance for such period as determined by the Board at its absolute discretion and notified to such Eligible Person, and all options (to the extent vested but not already exercised) will continue to be exercisable for such period as the Board may determine at its absolute discretion and notify to such Eligible Person on the date of cessation of employment of such Eligible Person.

***(n) Rights on termination of employment***

If an option-holder ceases to be an Eligible Person by reason of (i) his employer terminating his contract of employment in accordance with its terms or any right conferred on his employer by law, or (ii) his contract of employment, being a contract for a fixed term, expiring and not being renewed, or (iii) his employer terminating his contract for serious or gross misconduct, then any outstanding offer of an option and all options, vested or unvested, will lapse on the date the option-holder ceases to be an Eligible Person.

***(o) Rights on death, disability, retirement and transfer***

If an option-holder ceases to be an Eligible Person by reason of:

(i) his death; or

(ii) his serious illness or injury which in the opinion of the Board renders the option-holder concerned unfit to perform the duties of his employment and which in the normal course would render the option-holder unfit to continue performing the duties under his contract of employment for the following 12 months provided such illness or injury is not self-inflicted; or

(iii) his retirement in accordance with the terms of an option-holder's contract of employment; or

(iv) his early retirement by agreement with the option-holder's employer; or

(v) his employer terminating his contract of employment by reason of redundancy; or

(vi) his employer ceasing to be a member of our Group or an associated company of our Company or under the control of our Company; or

(vii) a transfer of the business, or the part of the business, in which the option-holder works to a person who is neither under the control of our Company nor a member of our Group or associated companies of our Company; or

(viii) if the Board determines in its absolute discretion that circumstances exist which mean that it is appropriate and consistent with the purpose of the Post-IPO Share Option Scheme to treat an option-holder whose options would otherwise lapse so that such options do not lapse but continue to subsist in accordance with (and subject to) the provisions of the Post-IPO Share Option Scheme,

then, any outstanding offer of an option which has not been accepted and any unvested option will lapse and the option-holder or his personal representatives (if appropriate) may exercise all his options (to the extent vested but not already exercised) within a period of three months of the date of cessation of employment. Any option not exercised prior to the expiry of this period shall lapse.

If the Board determines that an option-holder who ceases to be an Eligible Person in circumstances such that his options continue to subsist in accordance with (viii) above:

(a) is guilty of any misconduct which would have justified the termination of his contract of employment for cause but which does not become known to our Company until after he has ceased employment with any member of our Group or associated companies; or

(b) is in breach of any material term of contract of employment (or other contract or agreement related to his contract of employment), without limitation, any confidentiality agreement or agreement containing non-competition or non-solicitation restrictions between him and any member of our Group or associated companies; or

(c) has disclosed trade secrets or confidential information of any member of our Group or associated companies; or

(d) has entered into competition with any member of our Group or associated companies or breached any non-solicitation provisions in his contract of employment,

then it may, in its absolute discretion, determine that any unexercised options, vested or not vested, held by the option-holder shall immediately lapse upon the Board resolving to make such determination (whether or not the option-holder has been notified of the determination).

***(p) Rights on cessation to be a director***

In the event that any director ceases to be a director of any member of our Group or associated companies, our Company shall, as soon as practicable thereafter, give notice to the relevant option-holder who as a result ceases to be an Eligible Person. Any outstanding offer of an option which has not been accepted and any unvested option will lapse on the date the option-holder ceases to be an Eligible Person. The option-holder (or his personal representative) may exercise all his options (to the extent vested but not already exercised) within a period of three months of the date of the notification by the Board. Any option not exercised prior to the expiry of this period shall lapse.

***(q) Rights on a general offer***

If as a result of any general offer made to the holders of Shares, the Board becomes aware that the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of our Company has or will become vested in the offeror, any company controlled by the offeror and any person associated with or acting in concert with the offeror (a "**Change of Control**"), the Board will notify every option-holder of this within 14 days of becoming so aware or as soon as practicable after any legal or regulatory restriction on such disclosure no longer applies. Each option-holder will be entitled to exercise his options (to the extent vested but not already exercised) during the period of one month starting on the date of the Board's notification to the option-holders. All options, vested or unvested, not exercised before the end of such period will lapse.

***(r) Rights on company reconstructions***

In the event of a compromise or arrangement, our Company shall give notice to all option-holders on the same date as it gives notice of the meeting to the Shareholders or creditors to consider such a compromise or arrangement and each option-holder (or his personal representative) may at any time thereafter, but before such time as shall be notified by our Company, exercise all or any of his options (to the extent vested but not already exercised), and subject to our Company receiving the exercise notice and the exercise price, our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting, allot, issue and register under the name of the option-holder such number of fully paid Shares which fall to be issued on exercise of such options. Any options, vested or not unvested, not so exercised will lapse.

***(s) Rights on winding up***

In the event a notice is given by our Company to the Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall on the same date as or soon after we dispatch such notice to the Shareholders give notice thereof to all option-holders and each option-holder shall be entitled to exercise all or any of his options (to the extent vested but not already exercised) at any time no later than seven days prior to the proposed general meeting of our Company, and subject to our Company receiving the exercise notice and the exercise price, our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot, issue and register under the name of the option-holder such number of fully paid Shares which fall to be issued on exercise of such options. Any options, vested or not unvested, not so exercised will lapse.

***(t) Lapse of option***

An option will lapse on the earlier of:

(i) the expiry of the option period as determined by the Board;

(ii) the date on which an option-holder is in breach of sub-paragraph (l); or

(iii) the expiry of the time provided for in the applicable rule where any of the circumstances provided in sub-paragraphs (m) to (s) above apply.

***(u) Effect of alteration to share capital***

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalization of profits or reserves, further right issues of Shares, consolidation or subdivision of shares, or reduction of the share capital of our Company in accordance with applicable laws and regulatory requirements (other than an issue of any share capital for cash under a placement of shares or as consideration in respect of a transaction), such corresponding adjustments (if any) shall be made to the number of Shares, the subject matter of the option (insofar as it is unexercised) and/or the price at which the options are exercisable, as the auditors of our Company or an independent financial adviser appointed by the Board shall certify in writing to the Board to be in their opinion fair and reasonable. Notice of any adjustments shall be given by our Company to an option-holder.

Any such adjustments shall be made on the basis that an option-holder shall have the same proportion of the issued share capital of our Company as that to which he was entitled before such adjustment. No such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to increase the proportion of the issued share capital of our Company for which any option-holder would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustments.

The auditors of our Company or the independent financial adviser selected by the Board (as appropriate) must confirm to the Board in writing that the adjustment satisfies the requirements of the Note to paragraph 17.03(13) of the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, without limitation, the "Supplemental Guidance on Main Board Listing Rule 17.03(13) and the Notice immediately after the Rule" attached to the letter of the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes).

The capacity of the auditors or independent financial advisers is that of experts and not of arbitrators and their certification shall be final and binding on our Company and the option-holders in the absence of fraud or manifest error. The costs of the auditors or independent financial advisers shall be borne by our Company.

***(v) Cancellation of option***

Unless the option-holder agrees, the Board may only cancel an option (which has been granted but not yet exercised) if, at the election of the Board, either:

(i) our Company pays to the option-holder an amount equal to the fair market value of the option at the date of cancellation as determined by the Board at its absolute discretion, after consultation with the auditors of our Company or an independent financial adviser appointed by the Board; or

(ii) the Board offers to grant to the option-holder replacement options (or options under any other share option scheme of any member of our Group) or makes such arrangements as the option-holder may agree to compensate him for the loss of the option; or

(iii) the Board makes such arrangements as the option-holder may agree to compensate him for the cancellation of the option.

***(w) Termination of the Post-IPO Share Option Scheme***

The Post-IPO Share Option Scheme will expire automatically on the day immediately preceding the tenth anniversary of the Listing Date. The Board may terminate the Post-IPO Share Option Scheme at any time without Shareholders' approval by resolving that no further options shall be granted under the Post-IPO Share Option Scheme and in such case, no new offers to grant options under the Post-IPO Share Option Scheme will be made and any options which have been granted but not yet exercised shall either (i) continue subject to the Post-IPO Share Option Scheme, or (ii) be cancelled in accordance with sub-paragraph (v).

***(x) Amendments to the Post-IPO Share Option Scheme***

The Board may amend any of the provisions of the Post-IPO Share Option Scheme (including amendments in order to comply with changes in legal or regulatory requirements) at any time (but not so as to affect adversely any rights which have accrued to any option-holder at that date), except that amendments which are to the advantage of present or future option-holders in respect of matters contained in Rule 17.03 of the Listing Rules must be approved by the Shareholders in general meeting.

Any amendments to the terms and conditions of the Post-IPO Share Option Scheme which are of a material nature or any amendments to the terms of any options granted may only be made with the approval of the shareholders of our Company save where the amendments take effect automatically under the existing terms of the Post-IPO Share Option Scheme.

Any amendments to the terms of options granted to an option-holder who is a substantial shareholder of our Company or an independent non-Executive Director, or any of their respective associates, must be approved by the Shareholders in general meeting. The resolution to approve the amendment must be taken on a poll and any connected person of our Company must abstain from voting on the resolution to approve such amendment, except that such a connected person may vote against such resolution.

Any change to the authority of the Board in relation to any amendment of the rules of the Post-IPO Share Option Scheme may only be made with the approval of the Shareholders in general meeting.

***(y) Conditions of the Post-IPO Share Option Scheme***

The adoption of the Post-IPO Share Option Scheme is conditional on:

(i) the Stock Exchange granting (or agreeing to grant) approval (subject to such conditions as the Stock Exchange may impose) for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Post-IPO Share Option Scheme; and

(ii) the commencement of the dealings in the Shares on the Stock Exchange.

If the conditions above are not satisfied on or before the date following six months after the date the Post-IPO Share Option Scheme was conditionally adopted:

(a) the Post-IPO Share Option Scheme shall forthwith determine;

(b) any option granted or agreed to be granted pursuant to the Post-IPO Share Option Scheme and any offer of such a grant shall be of no effect; and

(c) no person shall be entitled to any rights or benefits or be under any obligation under or in respect of the Post-IPO Share Option Scheme or any option.

***(z) General***

An application has been made to the Stock Exchange for the listing of, and permission to deal in, the new Shares which may be issued pursuant to the exercise of the options which may be granted pursuant to the Post-IPO Share Option Scheme.

As of the Latest Practicable Date, no option has been granted or agreed to be granted by our Company pursuant to the Post-IPO Share Option Scheme.

Details of the Post-IPO Share Option Scheme, including particulars and movements of the options granted during each financial year of our Company, and our employee costs arising from the grant of the options will be disclosed in our annual report.

## E. OTHER INFORMATION

### 1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

### 2. Litigation

As of the Latest Practicable Date, save as disclosed in "Business — Legal Proceedings and Compliance", no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group, that would have a material adverse effect on its business, financial condition or results of operations.

### 3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of the options granted or to be granted under the Share Option Schemes). All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The fee payable to each of the Joint Sponsors for acting as our sponsors in connection with the Listing is US$300,000 and is payable by our Company.

### 4. No Material Adverse Change

The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since December 31, 2020 (being the date to which the latest audited consolidated financial statements of the Group were prepared).

## 5. Qualification of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this prospectus:

| Name | Qualification |
|---|---|
| Goldman Sachs (Asia) L.L.C. | A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO |
| Haitong International Capital Limited | A licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity as defined under the SFO |
| Ernst & Young | Certified Public Accountants and Registered Public Interest Entity Auditor |
| Tian Yuan Law Firm | Legal advisers as to PRC laws |
| Maples and Calder (Hong Kong) LLP | Legal advisers as to Cayman Islands laws |
| Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. | Industry consultant |

## 6. Consents of Experts

Each of the experts as referred to in "— E. Other Information — 5. Qualification of Experts" above in this prospectus has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

**7. Promoter**

Our Company has no promoter for the purpose of the Listing Rules.

Save as disclosed in this prospectus, 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.

**8. Preliminary Expenses**

The preliminary expenses incurred by our Company were approximately US$3,700 and were payable by us.

**9. 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.

**10. Bilingual Prospectus**

The English language 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).

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 the PRC 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 marked with "*" are provided for identification purposes only.

**11. Miscellaneous**

(a) Save as disclosed in this prospectus:

(i) within the two years immediately preceding the date of this prospectus, neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for 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) within the 24 months immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;

(iv) within the two years immediately preceding the date of this prospectus, no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

(v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

(vi) our Company has no outstanding convertible debt securities or debentures; and

(vii) there is no arrangement under which future dividends are waived or agreed to be waived.

(b) Our Directors confirm that there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this prospectus.

(c) 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.

## 1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the GREEN Application Form;

(b) a copy of each of the material contracts referred to in the section headed "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix IV to this prospectus; and

(c) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 6. Consents of Experts" in Appendix IV to this prospectus.

## 2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Simpson Thacher & Bartlett, ICBC Tower, 35/F, 3 Garden Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association of our Company;

(b) the Accountants' Report for the years ended December 31, 2018, 2019 and 2020 from Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the audited financial statements of the companies comprising the Group for the years ended December 31, 2018, 2019 and 2020;

(d) the report on the unaudited pro forma financial information prepared by Ernst & Young, the text of which is set out in Appendix II to this prospectus;

(e) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our Cayman Islands legal adviser, summarizing certain aspects of the Cayman Companies Act referred to in Appendix III to this prospectus;

(f) the legal opinions issued by Tian Yuan Law Firm, our PRC legal adviser, in respect of certain aspects of the Group and the property interests of the Group;

(g) the industry report issued by Frost & Sullivan;

(h) the material contracts referred to in the section headed "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix IV to this prospectus;

(i) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 6. Consents of Experts" in Appendix IV to this prospectus;

(j) service contracts and letters of appointment referred to in the section headed "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Directors' Service Contracts and Letters of Appointment" in Appendix IV to this prospectus;

(k) the rules of the Pre-IPO Share Option Scheme and a list of Grantees under the Pre-IPO Share Option Scheme, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(l) the rules of the Post-IPO Share Option Scheme; and

(m) the Cayman Companies Act.

医脉通
medlive.cn