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Medlive Technology Co., Ltd.

醫脈通科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2192)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	For the six months ended 30 June		Year-on-Year Change*
	2021 (unaudited) (RMB in thousands)	2020 (unaudited)	
			%
Revenue	130,661	88,819	47.1
Cost of sales	(36,156)	(24,429)	48.0
Gross profit	94,505	64,390	46.8
Profit for the period	<u>19,645</u>	<u>34,516</u>	(43.1)
Non-HKFRS adjusted net profit**	51,162	34,516	48.2

* Year-on-Year Change % represents a comparison between the current reporting period and the same period last year.

** Non-HKFRS adjusted net profit was derived from the unaudited profit for the period adjusted by excluding the listing-related expenses, share-based compensation to key employees and provision for one-off withholding tax related to the special interim dividend declared in June 2021.

REVENUE BY SOLUTION CATEGORIES

	For the six months ended 30 June 2021 (unaudited)		2020 (unaudited)		Year on- Year Change*	For the year ended 31 December 2020 (audited)	
	<i>RMB</i>	%	<i>RMB</i>	%	%	<i>RMB</i>	%
	(RMB in thousands, except for percentages)						
Revenue:							
Precision marketing and corporate solutions	117,245	89.7	78,008	87.9	50.3	191,826	89.8
Medical knowledge solutions	5,879	4.5	3,755	4.2	56.6	9,113	4.3
Intelligent patient management solutions	7,537	5.8	7,056	7.9	6.8	12,590	5.9
Total	<u>130,661</u>	<u>100.0</u>	<u>88,819</u>	<u>100.0</u>	<u>47.1</u>	<u>213,529</u>	<u>100.0</u>

* Year-on-Year Change % represents a comparison between the current reporting period and the same period last year.

OPERATIONAL HIGHLIGHTS

The following table sets forth the major operating data of the Group:

	As of 30 June 2021	As of 31 December 2020
Number of registered users (<i>in millions</i>)	3.7	3.5
Number of registered physician users (<i>in millions</i>)	2.5	2.4
	For the six months ended 30 June	
	2021	2020
Number of healthcare customers of precision marketing and corporate solutions	65	43
Number of healthcare products marketed under precision marketing and corporate solutions	144	94
Paid clicks (<i>in millions</i>)	3.1	2.1

The board of directors (the “**Board**”) of Medlive Technology Co., Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated results (the “**Interim Results**”) of the Company and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**”). The Interim Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

BUSINESS OVERVIEW AND OUTLOOK

Business Review

The Group is the leading online professional physician platform in China. The Group has focused on using technology to support physicians’ clinical decision making for over 20 years. Its self-developed *Medlive* (醫脈通) platform is widely recognized by physicians in China as the most popular professional medical platform, which enables the Group to become the platform of choice in precision digital healthcare marketing for pharmaceutical and medical device companies in China. As of 30 June 2021, the *Medlive* platform, available through the Company’s website, desktop application and mobile application, had approximately 3.7 million registered users, around 2.5 million of whom were licensed physicians, representing approximately 60% of all licensed physicians in China as of the same date.

The Group generates revenue by offering three categories of solutions to address various needs of its *Medlive* platform participants, namely, precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions. The Group derives most of its revenue from precision marketing solutions, which offer digital healthcare marketing services to pharmaceutical and medical device companies. The Group also offers 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. In the first half of 2021, the Group had 65 healthcare customers who purchased its precision marketing and corporate solutions, compared to 43 healthcare customers in the first half of 2020. In the same period, 144 healthcare products were marketed using the Group's precision marketing and corporate solutions, compared to 94 healthcare products marketed using such solutions in the first half of 2020.

The Group's medical knowledge 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. The Group's medical knowledge solutions deliver medical knowledge content through multiple user-friendly channels, including its website, mobile applications, desktop applications, WeChat mini-programs and WeChat official accounts. In the first half of 2021, the Group continued to enhance the quality and the breadth of the medical knowledge content on its platform to drive user engagement.

The Group's 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; and (ii) condition-specific patient education services in collaboration with non-profit organizations. The Group's Internet hospital-based chronic disease management currently focuses on post-stroke management and will gradually expand to other chronic diseases in the future. Launched in February 2021, the Group's post-stroke management service had accumulated over 17,000 registered patients as of 30 June 2021. As of 30 June 2021, over 4,300 external physicians had registered on the Group's Internet hospital. The Group also collaborates with non-profit organizations in offering its condition-specific patient education services.

The Group continued to deliver strong financial performance during the first half of 2021 from operating its professional physician platform. The Group's revenue increased from approximately RMB88.8 million for the six months ended 30 June 2020 to approximately RMB130.7 million for the same period in 2021, representing an increase of approximately 47.1%. The Group's gross profit increased from approximately RMB64.4 million for the six months ended 30 June 2020 to approximately RMB94.5 million for the same period in 2021, representing an increase of approximately 46.8%.

In addition, the Company's shares (the "**Shares**") were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 July 2021 (the "**Listing Date**") by way of a global offering (the "**Global Offering**"), marking a milestone for the Group in improving its capital strength and corporate governance as well as enhancing its competitive edge, which laid a solid foundation for the Group's future development.

Business Outlook

During the second half of 2021, the Group will continue its efforts to further solidify its position as the leading online professional physician platform in China by pursuing the following strategies:

- Explore strategic partnerships, investments and acquisitions. The Group intends to selectively pursue suitable strategic investments and acquisitions that can generate convincing synergies with the Group's existing solutions offerings, expand its customer base and/or enhance its technological capabilities.
- Continue to build the Group's technological platform and expand its applications. The Group plans to continue its technological development, including the development of AI-empowered tools by leveraging its unique and proprietary data set. The Group will continue to build its knowledge graphs to optimize its search and recommendations capabilities with semantic and contextual links. The Group will also invest in automated clinical decision support tool and auxiliary screening diagnosis and treatment systems, as well as machine transcription and translation solutions to better serve physicians.
- Expand the Group's customer network and strengthen relationships with existing customers. The Group aims to foster customer loyalty by continuing to deliver superior return on existing customers' spending for its precision marketing solutions. The Group 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. The Group intends to leverage its deep experience in precision marketing to capture an increasing proportion of these potential customers' promotional spending. To achieve these goals, the Group will continue to invest in developing and offering more solutions, as well as adding new features to its existing solutions. The Group will also strengthen its business development efforts by hiring additional sales, marketing and account management personnel.
- Continue to increase physician penetration and engagement by enhancing the Group's medical knowledge solutions and enriching the information and content on its platform. The Group will leverage its data insights to improve the accuracy and

relevance of its personalized content recommendation and search results. The Group also plans to further diversify the sources of content generation and to extend its reach to the physicians who work in rural areas and community hospitals by offering them tailored solutions.

- Continue to expand the Group's service offerings, including patient care offerings with digital health management tools, and clinical research solutions. Leveraging its large physician network, the Group intends to expand chronic disease management service and strengthen its Internet hospital by supporting more diseases. In addition, the Group plans to optimize its intelligent clinical research solutions, including its EDC and CDMS solutions and RWS solution by continuing to develop AI technology to accurately and efficiently capture and analyse clinical data.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the first half of 2021, the Group generated revenue from three solution categories, namely (i) precision marketing and corporate solutions; (ii) medical knowledge solutions; and (iii) intelligent patient management solutions. The Group's revenue increased by approximately 47.1% from approximately RMB88.8 million for the six months ended 30 June 2020 to approximately RMB130.7 million for the same period in 2021, primarily due to the revenue increase from its precision marketing and corporate solutions.

Precision Marketing and Corporate Solutions

Revenue from precision marketing solutions is primarily derived from fees paid by the Group's healthcare customers for the Group's digital detailing, digital marketing consulting and digital content creation services. Revenue from corporate solutions is primarily derived from fees paid by the Group's healthcare customers for its digital market research, EDC and CDMS solutions, RWS support solutions, patient recruitment service, as well as application software development service related to precision marketing and corporate solutions.

Revenue from precision marketing and corporate solutions increased by approximately 50.3% from approximately RMB78.0 million for the six months ended 30 June 2020 to approximately RMB117.2 million for the same period in 2021, primarily due to (i) an expansion of the Group's healthcare customer base from 43 for the six months ended 30 June 2020 to 65 for the same period in 2021; and (ii) an increase of number of healthcare products marketed using the Group's precision marketing and corporate solutions from 94 for the six months ended 30 June 2020 to 144 for the same period in 2021, resulting from user growth and increased user engagement.

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. Revenue from medical knowledge solutions increased by approximately 56.6% from approximately RMB3.8 million for the six months ended 30 June 2020 to approximately RMB5.9 million for the same period in 2021, primarily due to an increase of paying users, as a result of the expansion of the Group's user base and the superior user experience the Group offers.

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. The Group started to generate revenue from commissions on fees paid by patients for online consultation services and prescription services on its Internet hospital in the first half of 2021. As a result, revenue from intelligent patient management solutions increased by approximately 6.8% from approximately RMB7.1 million for the six months ended 30 June 2020 to approximately RMB7.5 million for the same period in 2021.

Cost of sales

The Group's cost of sales consists of (i) employee benefit expenses relating to salaries and benefits for employees involved in operating the Group's 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; and (iv) other expenses primarily relating to consulting fees, equipment rental expenses, travel and transportation expenses. The Group's cost of sales increased by approximately 48.0% from approximately RMB24.4 million for the six months ended 30 June 2020 to approximately RMB36.2 million for the same period in 2021. The increase was primarily due to (i) an increase in employee benefit expenses driven by the growth of the Group's business and the recognition of share-based compensation; and (ii) an increase in technology service fees driven by the growth of the Group's business.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased by approximately 46.8% to approximately RMB94.5 million for the six months ended 30 June 2021 from approximately RMB64.4 million for the same period in 2020. The Group's gross profit margin was approximately 72.3% for the six months ended 30 June 2021, which remained relatively stable compared to that for the same period in 2020.

Other Income

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) government subsidy. The Group recorded other income and gains of approximately RMB1.8 million for the six months ended 30 June 2021, compared to approximately RMB0.2 million for the same period in 2020. The increase was primarily attributable to (i) an increase in interest income derived from demand deposits; and (ii) recognition of government subsidy.

Selling and Distribution Expenses

The Group's 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. The Group's selling and distribution expenses increased by approximately 86.7% from approximately RMB8.1 million for the six months ended 30 June 2020 to approximately RMB15.2 million for the same period in 2021, primarily due to (i) an increased level of promotion activities to drive user growth and engagement; and (ii) an increase in performance-based salary for the Group's employees in selling and distribution functions.

Administrative Expenses

The Group's 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 the Group's 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; (vii) other expenses primarily relating to rent, travel and transportation expenses and general office expenses; and (viii) listing expenses. The Group's administrative expenses increased by approximately 200.9% from approximately RMB14.8 million for the six months ended 30 June 2020 to approximately RMB44.4 million for the same period in 2021, primarily due to recognition of (i) listing expenses of approximately RMB19.6 million in connection with the Company's listing on the Stock Exchange; and (ii) share-based compensation to key employees in research and development, management as well as general and administrative functions.

Finance Costs

The Group's 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. Lease liabilities decrease over the periods of the leases, resulting in higher finance costs at the beginning of lease periods. The Group's finance costs increased by approximately 117.9% from approximately RMB0.1 million for the six months ended 30 June 2020 to approximately RMB0.2 million for the same period in 2021, as the Group renewed its material lease at the end of the 2020.

Profit Before Tax

As a result of the foregoing, the Group's profit before tax decreased by approximately 12.4% from approximately RMB41.6 million for the six months ended 30 June 2020 to approximately RMB36.5 million for the same period in 2021.

Income Tax Expenses

The Group's income tax expense increased by approximately 136.9% from approximately RMB7.1 million for the six months ended 30 June 2020 to approximately RMB16.8 million for the same period in 2021, primarily attributable to the withholding tax related to the special interim dividend of RMB92.0 million declared in June 2021.

Profit for the Period

As a result of the foregoing, the Group's profit for the period decreased by approximately 43.1% from approximately RMB34.5 million for the six months ended 30 June 2020 to approximately RMB19.6 million for the same period in 2021.

Non-HKFRS Measures — Adjusted Net Profit

To supplement the Group's consolidated financial statements which are presented in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”), the Company also used unaudited non-HKFRS adjusted net profit as an additional financial measure in order to evaluate its financial performance by eliminating the impact of items that it does not consider indicative of the performance of its business. The term “adjusted net profit” is not defined under HKFRS. Other companies in the industry which the Group operates in may calculate such non-HKFRS item differently from the Group. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact the Group's net profit for the Reporting Period and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under HKFRS.

The following table sets out the calculation of adjusted net profit for the periods indicated:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	19,645	34,516
Add:		
Listing-related expenses	19,649	—
Share-based compensation	4,752	—
One-off withholding tax	7,116	—
	<hr/>	<hr/>
Adjusted net profit	<u>51,162</u>	<u>34,516</u>

The adjusted net profit for the six months ended 30 June 2021, adjusted by excluding the listing-related expenses, share-based compensation to key employees and one-off withholding tax related to the special interim dividend declared in June 2021, was approximately RMB51.2 million, increased by approximately 48.2% as compared to approximately RMB34.5 million for the first half of 2020.

Liquidity and Capital Resources

For the six months ended 30 June 2021, the Group financed its operations primarily through cash generated from the Group's operating activities. The Group intends to finance its expansion and business operations using a combination of cash generated from operating activities and the net proceeds received from the Global Offering.

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements from time to time.

Cash and cash equivalents

The Group operates its business in the PRC and its transactions and revenue were primarily denominated in Renminbi. As such, the Group did not have material exposure to fluctuations in foreign currency exchange rates for cash generated from its operating activities. As of 30 June 2021, the Group had cash and cash equivalents of approximately RMB182.5 million, which primarily consisted of cash at bank, as compared to approximately RMB147.1 million as of 31 December 2020. The Group received net proceeds of approximately HK\$4,071.1 million from its Global Offering in July 2021 and an additional net proceeds of approximately HK\$606.0 million from the exercise of the over-allotment option in connection with the Global Offering in August 2021. On 18 June 2021, the Group declared a special interim dividend of RMB92.0 million to the shareholders on its register of members as of the same date, namely, Tiantian Co., Limited and M3, Inc. As at the date of this announcement, the special interim dividend has not been paid.

The Group currently does not have any hedging policy for foreign currencies in place. However, the Board will remain alert to any relevant risks and, if necessary, consider to hedge any material potential foreign exchange risk.

Borrowings

During the six months ended 30 June 2021, the Group did not have any short-term or long-term bank borrowings and had no outstanding bank and other borrowings and other indebtedness apart from lease liabilities for the relevant lease terms amounting to approximately RMB11.1 million in aggregate.

Gearing ratio

The gearing ratio, which is calculated by dividing borrowings by total equity, was zero since there was no debt as of 30 June 2021.

Charge on assets

As of 30 June 2021, the Group did not pledge any of its assets.

Capital expenditures

For the six months ended 30 June 2021, the Group's capital expenditure amounted to approximately RMB0.9 million, which mainly comprised expenditures on IT equipment, as compared to approximately RMB0.4 million for the same period in 2020. The Group funded its capital expenditure by using the cash flow generated from its operations. Future capital expenditure will also be funded by using the net proceeds received from the Global Offering.

Contingent liabilities and guarantees

As of 30 June 2021, the Group did not have any significant unrecorded contingent liabilities, guarantees or any material litigation against the Group.

Material acquisitions or disposals and future plans for major investment

During the six months ended 30 June 2021, the Group has not conducted any material acquisitions or disposals and as of the same date, the Group did not hold any significant investment. However, the Group intends to selectively pursue suitable strategic investments and acquisitions that can generate convincing synergies with the Group's existing solutions offerings, expand its customer base and/or enhance its technological capabilities. The Group will utilize proceeds from the Global Offering for the purpose of any such acquisition according to the prospectus of the Company dated 30 June 2021 (the "**Prospectus**").

Employees and Staff Costs

As of 30 June 2021, the Group had a total of 356 full time employees, all of whom were located in mainland China. In particular, 89 employees are responsible for the Group's content management, 93 employees for platform operation and customer service, 106 employees for research and development, 34 employees for general and administration and 34 employees for sales and marketing. The total staff cost incurred by the Group for the six months ended 30 June 2021 was approximately RMB38.2 million compared to approximately RMB24.2 million for the same period in 2020. The increase was primarily due to (i) the growth of the Group's business; and (ii) the recognition of approximately RMB4.8 million share-based compensation to key employees.

The Group provides orientation and training to new recruits as well as ongoing in-house training for junior employees, which the Group believes can enhance the skills and productivity of its employees. The Group compensates employees with base salaries and performance-based bonuses. The Company has also adopted a pre-IPO share option scheme and a post-IPO share option scheme to incentivize employees and senior management and to align their interests with that of the Company.

Further details of the principal terms of the share option schemes are set out in the Prospectus.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June

	<i>Notes</i>	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
REVENUE	4	130,661	88,819
Cost of sales		<u>(36,156)</u>	<u>(24,429)</u>
Gross profit		94,505	64,390
Other income and gains	4	1,843	225
Selling and distribution expenses		(15,180)	(8,130)
Administrative expenses		(44,395)	(14,756)
Other expenses		(69)	(4)
Finance costs		<u>(231)</u>	<u>(106)</u>
PROFIT BEFORE TAX	5	36,473	41,619
Income tax expense	6	<u>(16,828)</u>	<u>(7,103)</u>
PROFIT FOR THE PERIOD		<u>19,645</u>	<u>34,516</u>
Attributable to:			
Owners of the parent		<u>19,645</u>	<u>34,516</u>
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		<u>27</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>27</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>19,672</u>	<u>34,520</u>

		2021	2020
		(Unaudited)	(Unaudited)
	<i>Note</i>	RMB'000	RMB'000
Attributable to:			
Owners of the parent		<u>19,672</u>	<u>34,520</u>
 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	8	RMB <u>3.67 cents</u>	RMB <u>6.45 cents</u>
Diluted	8	RMB <u>3.58 cents</u>	RMB <u>6.45 cents</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at	
	30 June 2021 (Unaudited) <i>RMB'000</i>	31 December 2020 (Audited) <i>RMB'000</i>
<i>Notes</i>		
NON-CURRENT ASSETS		
Property, plant and equipment	1,991	2,617
Right-of-use assets	11,525	12,571
Deferred tax assets	4,295	3,509
Advance payments for property, plant and equipment	55	—
Total non-current assets	17,866	18,697
CURRENT ASSETS		
Trade receivables	9 46,387	42,480
Contract assets	24,576	15,761
Prepayments, other receivables and other assets	8,433	3,026
Cash and cash equivalents	182,497	147,095
Total current assets	261,893	208,362
CURRENT LIABILITIES		
Trade payables	10 12,779	6,265
Other payables and accruals	54,630	45,231
Lease liabilities	2,740	2,591
Due to a shareholder	6,460	—
Tax payable	9,026	9,991
Total current liabilities	85,635	64,078
NET CURRENT ASSETS	176,258	144,284
TOTAL ASSETS LESS CURRENT LIABILITIES	194,124	162,981

		As at	
		30 June	31 December
		2021	2020
		(Unaudited)	(Audited)
	<i>Note</i>	RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		8,365	9,484
Deferred tax liabilities		9,921	2,083
		<hr/>	<hr/>
Total non-current liabilities		18,286	11,567
		<hr/>	<hr/>
Net assets		175,838	151,414
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	11	33	33
Reserves		175,805	151,381
		<hr/>	<hr/>
Total equity		175,838	151,414
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements included in the Accountants' Report set forth in Appendix I to the Prospectus.

2 Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 9,
HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform — Phase 2

Amendment to HKFRS 16

*Covid-19-Related Rent Concessions beyond
30 June 2021 (early adopted)*

The directors do not anticipate that the application of the revised HKFRSs above will have a material effect on the Group's interim condensed consolidated financial information.

3. 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.

4. Revenue, other income and gains

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<i>Revenue from contracts with customers</i>	<u>130,661</u>	<u>88,819</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Type of goods or services		
Precision marketing and corporate solutions	117,245	78,008
Medical knowledge solutions	5,879	3,755
Intelligent patient management solutions	7,537	7,056
	<u>130,661</u>	<u>88,819</u>
Geographical markets		
Mainland China	125,331	86,729
Overseas	5,330	2,090
	<u>130,661</u>	<u>88,819</u>
Timing of revenue recognition		
Services transferred at a point in time	86,411	72,408
Services transferred over time	44,250	16,411
	<u>130,661</u>	<u>88,819</u>

(b) Performance obligation

Information about the Group's performance obligation 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.

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<u>Other income</u>		
Bank interest income	1,097	69
Government grants*	732	—
Investment income from financial assets at fair value through profit or loss	—	151
Others	14	—
	<u>1,843</u>	<u>220</u>
<u>Gains</u>		
Foreign exchange gains, net	—	5
	<u>1,843</u>	<u>225</u>

* 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.

5. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Cost of services provided	36,156	24,429
Depreciation of property, plant and equipment	1,362	1,328
Depreciation of right-of-use assets	1,426	1,315
Research and development costs	9,199	7,952
Impairment of trade receivables, net	265	211
Government grants	(732)	—
Listing expenses	19,649	—
Loss on disposal of items of property, plant and equipment	64	—
Foreign exchange difference, net	4	(5)
Equity-settled share option expense	4,752	—

6. Income tax expense

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.

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss and other comprehensive income are:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Current tax — Mainland China charge for the period	9,776	6,690
Deferred tax	7,052	413
Total tax charge for the period	16,828	7,103

7. Dividends

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 shareholders on the Company's register of members as of 18 June 2021, namely, Tiantian Co., Limited and M3, Inc., in the proportion of 50:50. The special interim dividend will be funded using the internal resources of the Company.

8. Earnings per Share attributable to ordinary equity holders of the parent

The calculation of the basic earnings per Share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary Shares of 535,080,000 in issue, which represented the number of ordinary Shares taking into consideration of the implemented share subdivision (note 11).

The calculation of the diluted earnings per Share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary Shares used in the calculation is the number of ordinary Shares used in the basic earnings per Share calculation, and the weighted average number of ordinary Shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary Shares into ordinary Shares.

The calculations of basic and diluted earnings per Share are based on:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent	<u>19,645</u>	<u>34,516</u>
<u>Shares</u>		
Weighted average number of ordinary Shares in issue used in the basic earnings per Share calculation	535,080,000	535,080,000
Effect of dilution — weighted average number of ordinary Shares:		
Share options	<u>13,027,678</u>	<u>—</u>
	<u>548,107,678</u>	<u>535,080,000</u>

9. Trade receivables

	As at	
	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Trade receivables	47,187	43,015
Impairment	(800)	(535)
	<u>46,387</u>	<u>42,480</u>

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 the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	As at	
	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Within 6 months	45,062	42,179
6 to 12 months	1,196	152
1 to 2 years	78	136
2 to 3 years	51	13
	<u>46,387</u>	<u>42,480</u>

10. Trade payables

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	As at	
	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Within 3 months	7,416	3,503
3 to 6 months	1,191	185
6 to 12 months	1,780	340
Over 1 year	2,392	2,237
	<u>12,779</u>	<u>6,265</u>

The trade payables are non-interest-bearing and are normally settled within six months.

11. Share capital

	30 June 2021 (Unaudited) US\$	31 December 2020 (Audited) US\$
Authorised:		
50,000,000 ordinary Shares of US\$0.01 each	N/A	500,000
50,000,000,000 ordinary Shares of US\$0.00001 each	<u>500,000</u>	<u>N/A</u>
Issued and fully paid:		
535,080 ordinary Shares of US\$0.01 each	N/A	5,351
535,080,000 ordinary Shares of US\$0.00001 each	<u>5,351</u>	<u>N/A</u>
Equivalent to RMB	<u>33,000</u>	<u>33,000</u>

On 29 March 2021, the Company implemented the share subdivision whereby each then 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.

12. Commitments

At the end of the Reporting Period, the Group did not have any significant commitments.

13. Pre-IPO Share Option Scheme

On 2 April 2021, an aggregate of 26,754,000 Shares was granted to 62 grantees under the pre-IPO share option scheme of the Company (the “**Pre-IPO Share Option Scheme**”), which was adopted on 29 March 2021. The option period in respect of the options under the Pre-IPO Share Option Scheme shall be from the Listing Date until the 5th anniversary of the Listing Date after which unexercised options shall lapse and the Pre-IPO Share Option Scheme shall terminate. The 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.

Movements in the number of options outstanding and their related weighted average exercise prices are as follows:

	Weighted average exercise price <i>RMB per Share</i>	Number of options
At 1 January 2021	—	—
Granted during the period	0.38	26,754,000
At 30 June 2021	0.38	26,754,000

The fair value of the options granted during the period was RMB42,539,000, of which the Group recognised a share option expense of RMB4,752,000 (the six months ended 30 June 2020: nil).

The fair value of the options granted during the period were estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2021
Dividend yield (%)	0.00
Expected volatility (%)	55.00
Risk-free interest rate (%)	1.30
Expected life of options (year)	5.00

Further details of the principal terms of the Pre-IPO Share Option Scheme are set out in the Prospectus.

14. Events after the Reporting Period

On 15 July 2021, 155,096,000 ordinary Shares of par value US\$0.00001 each were issued at a price of HK\$27.2 per Share in connection with the Global Offering. The proceeds at US\$1,551 (equivalent to RMB10,025) representing the par value, were credited to the Company's share capital. The remaining proceeds of approximately US\$543,119,000 (equivalent to approximately RMB3,510,718,000) before listing expenses were credited to the share premium account.

On 11 August 2021, an aggregate of 23,049,500 ordinary Shares of par value US\$0.00001 each were issued at a price of HK\$27.2 per Share as a result of the partial exercise of the Over-allotment Option. Proceeds of an amount of US\$230 (equivalent to RMB1,494) representing the par value, were credited to the Company's share capital. The remaining proceeds of approximately US\$80,568,000 (equivalent to approximately RMB522,333,000) before issuing expenses were credited to the share

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

As the Shares were not yet listed on the Stock Exchange as of 30 June 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Stock Exchange on 15 July 2021. The net proceeds from the Global Offering (including the exercise of the over-allotment option) was approximately HK\$4,677 million, which will be utilized for the purposes as set out in the Prospectus.

EVENTS AFTER THE REPORTING PERIOD

The Company was successfully listed on the Main Board of the Stock Exchange on 15 July 2021. On 15 July 2021, 155,096,000 Shares were issued at the offer price of HK\$27.20 per share by way of the Global Offering. All the 155,096,000 new Shares issued by the Company rank *pari passu* with other Shares in issue in all respects. On 6 August 2021, the over-allotment option was partially exercised by the joint representatives (on behalf of the international underwriters) to require the Company to issue and allot 23,049,500 Shares at the offer price of HK\$27.20 per Share. These Shares were issued on 11 August 2021.

Save as disclosed above, there was no important event affecting the Group which occurred after the end of the Reporting Period up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As the Shares were not listed on the Stock Exchange as of 30 June 2021, the Corporate Governance Code contained in Appendix 14 (the “**Corporate Governance Code**”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) was not applicable to the Company during the Reporting Period. After Listing, the Company has complied with the applicable code provisions of the Code as set forth in the Corporate Governance Code, except for a deviation from code provision A.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Ms. Tian Liping (“**Ms. Tian**”) is the chairwoman and chief executive officer of the Company. With extensive experience in the medical information technology industry, Ms. Tian is responsible for formulating and implementing the overall development strategies and business plans of the Group and oversees the overall development and operations of the Group. Ms. Tian founded the Group in 1996 and is instrumental to the Company’s growth and business expansion since its establishment. The Board considers that vesting the roles of chairwoman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises four executive directors (including Ms. Tian), two non-executive directors and three independent non-executive directors and therefore, in the Company’s view, has an appropriate level of independence element in its composition.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Corporate Governance Code and maintaining a high standard of corporate governance practices of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

As the Company was not yet listed on the Stock Exchange during the Reporting Period, the provisions under the Listing Rules in relation to the compliance with the Model Code by the directors were not applicable to the Company during the Reporting Period.

After Listing, the Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code since the Listing Date up to the date of this announcement.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Rule 3.21 of the Listing Rules and the Corporate Governance Code. As of the date of this announcement, the Audit Committee comprises three independent non-executive directors of the Company, namely, Ms. Wang Shan, Mr. Richard Yeh and Dr. Ma Jun. Ms. Wang Shan is the chairwoman of the Audit Committee.

The Audit Committee has reviewed the Interim Results, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B (1) OF THE LISTING RULES

There has been no change in the directors' biographical details which are required to be disclosed pursuant to rule 13.51B (1) of the Listing Rules.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and that of the Company (<http://ir.medlive.cn>). The interim report of the Company for the six months ended 30 June 2021 will be despatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board
Medlive Technology Co., Ltd.
Tian Liping
Chairwoman and Chief Executive Officer

Hong Kong, 26 August 2021

As of the date of this announcement, the Board comprises Ms. Tian Liping, Mr. Tian Lixin, Mr. Tian Lijun and Ms. Zhou Xin as executive directors; Mr. Eiji Tsuchiya and Dr. Li Zhuolin as non-executive directors; and Mr. Richard Yeh, Dr. Ma Jun and Ms. Wang Shan as independent non-executive directors.