

中康控股有限公司

Sinohealth Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2361

GLOBAL OFFERING

Sole Sponsor and Sole Representative



BNP PARIBAS

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



BNP PARIBAS



建银国际
CIB International



东方证券
— D F Z Q —

國際

Joint Bookrunners and Joint Lead Managers



海通國際
HAITONG

UOB KayHian



國泰君安國際
GUOTAI JUNAN INTERNATIONAL

EDDID
艾德金融



中泰國際
ZHONGTAI INTERNATIONAL

Joint Lead Managers

富途證券

Innovax
創隆

FOSUN HANI
复星恒利

利弗莫尔证券
LIVERMORE HOLDINGS LIMITED

IMPORTANT

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

Sinohealth Holdings Limited 中康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Global Offering

Number of Offer Shares under the Global Offering	:	75,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	7,500,000 Shares (subject to reallocation)
Number of International Offer Shares	:	67,500,000 Shares (subject to reallocation and the Over-allotment Option)
Offer Price (subject to a Downward Offer Price Adjustment)	:	Not more than HK\$6.96 per Offer Share and expected to be not less than HK\$5.36 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund) (If the Offer Price is set at 10% below the bottom end of the indicative Offer Price Range after making a Downward Offer Price Adjustment, the Offer Price will be HK\$4.83 per Offer Share)
Nominal Value	:	US\$0.01 per Share
Stock Code	:	2361

Sole Sponsor and Sole Representative



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富途證券



創隆
innovax

FOSUN HANI
復星滙利



利弗莫尔证券
LEVERMORE HOLDINGS LIMITED

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 the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" 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 and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Representative (for itself and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, 5 July 2022 and, in any event, not later than Sunday, 10 July 2022. The Offer Price will be no more than HK\$6.96 and is currently expected to be no less than HK\$5.36 (subject to a reduction of up to 10% below the bottom end of the indicative Offer Price range after making a Downward Offer Price Adjustment as set out in this prospectus). Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK\$6.96 for each Hong Kong Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price should be lower than HK\$6.96. If, for any reason, the Offer Price is not agreed by Sunday, 10 July 2022 between the Sole Representative (for itself and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Prior to making an investment decision, prospective investors should consider carefully all of the information set forth in this prospectus, including the risk factors set forth in the section headed "Risk Factors".

The Sole Representative (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares 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. See "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Representative (for itself and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered or sold within or to the United States, 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 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 ir.sinohealth.cn. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

IMPORTANT

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 document or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This document 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 ir.sinohealth.cn. If you require a printed copy of this document, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

1. apply online through the **eWhite Form** service at www.ewhiteform.com.hk; or
2. apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
 - (a) 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 Offer Shares on your behalf; or
 - (b) (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 Center 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 Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar, **Boardroom Share Registrars (HK) Limited, at +852 2153 1688 on the following dates:**

Tuesday, 28 June 2022 — 9:00 a.m. to 9:00 p.m.
Wednesday, 29 June 2022 — 9:00 a.m. to 6:00 p.m.
Thursday, 30 June 2022 — 9:00 a.m. to 6:00 p.m.
Monday, 4 July 2022 — 9:00 a.m. to 6:00 p.m.
Tuesday, 5 July 2022 — 9:00 a.m. to 12:00 noon

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this document 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 document is available online at the website addresses above.**

See “How to Apply for Hong Kong Offer Shares” in this prospectus for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set forth in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK\$		HK\$		HK\$		HK\$
500	3,515.07	5,000	35,150.73	75,000	527,260.97	1,000,000	7,030,146.36
1,000	7,030.15	7,500	52,726.10	100,000	703,014.63	1,250,000	8,787,682.95
1,500	10,545.22	10,000	70,301.46	125,000	878,768.30	1,500,000	10,545,219.54
2,000	14,060.30	12,500	87,876.83	150,000	1,054,521.96	2,000,000	14,060,292.72
2,500	17,575.37	15,000	105,452.20	200,000	1,406,029.27	2,500,000	17,575,365.90
3,000	21,090.43	20,000	140,602.93	250,000	1,757,536.59	3,000,000	21,090,439.08
3,500	24,605.52	25,000	175,753.66	375,000	2,636,304.89	3,750,000 ⁽¹⁾	26,363,048.85
4,000	28,120.58	37,500	263,630.49	500,000	3,515,073.18		
4,500	31,635.67	50,000	351,507.32	750,000	5,272,609.77		

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

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

EXPECTED TIMETABLE⁽¹⁾

Hong Kong Public Offering commences from 9:00 a.m. on
Tuesday, 28 June 2022

Latest time for completing electronic applications
under **eWhite Form** service through the designated
website www.ewhiteform.com.hk⁽²⁾ 11:30 a.m. on
Tuesday, 5 July 2022

Application lists of the Hong Kong Public
Offering open⁽³⁾ 11:45 a.m. on
Tuesday, 5 July 2022

Latest time to complete payment of
eWhite Form applications by effecting
PPS payment transfer(s) 12:00 noon on
Tuesday, 5 July 2022

Latest time to give **electronic application**
instructions to HKSCC⁽⁴⁾ 12:00 noon on
Tuesday, 5 July 2022

Application lists of the Hong Kong Public
Offering close⁽³⁾ 12:00 noon on
Tuesday, 5 July 2022

Expected Price Determination Date⁽⁵⁾ Tuesday, 5 July 2022

Where applicable, announcement of the Offer Price
being set below the bottom end of the indicative
Offer Price range after making a Downward Offer Price
Adjustment (see section headed “Structure and Conditions of
the Global Offering—Pricing and Allocation”) on
the Stock Exchange’s website at www.hkexnews.hk and
our Company’s website at ir.sinohealth.cn on or before⁽⁸⁾ Monday, 11 July 2022

Irrespective of whether a Downward Offer Price Adjustment is made, announcement of:

- the Offer Price
- the level of indications of interest in the International Offering
- the level of applications under the Hong Kong Public Offering and
- the basis of allocations of the Hong Kong Offer Shares

to be published on the website of the Stock Exchange at
www.hkexnews.hk and on the website of
our Company at ir.sinohealth.cn on or before⁽⁶⁾⁽⁸⁾ Monday, 11 July 2022

EXPECTED TIMETABLE⁽¹⁾

Results of allocations in the Hong Kong Public

Offering (with successful applicants' identification document numbers where applicable) available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares—Publication of Results" in this prospectus⁽⁶⁾ from Monday, 11 July 2022

Despatch/collection of Share certificates or deposit of

Share certificates into CCASS in respect of wholly or partially successful applications on or before⁽⁶⁾ Monday, 11 July 2022

e-Refund payment instructions/refund cheques in

respect of wholly and partially successful applications (if applicable) or wholly or partially unsuccessful applications to be despatched/collected on or before⁽⁶⁾⁽⁷⁾ Monday, 11 July 2022

Dealings in our Shares on the Stock Exchange

expected to commence at 9:00 a.m. Tuesday, 12 July 2022

The application for Hong Kong Offer Shares will commence on Tuesday, 28 June 2022 through Tuesday, 5 July 2022, being slightly longer than the normal market practice of four days. The application monies (including brokerage, SFC transaction levy, FRC transaction levy and Stock Exchange trading fee) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicant(s) without interest on Monday, 11 July 2022. Investors should be aware that the dealings in Shares on the Stock Exchange are expected to commence on Tuesday, 12 July 2022.

Notes:

- (1) All dates and times refer to Hong Kong dates and time, except otherwise stated. Details of the structure and conditions of the Global Offering, including its conditions, are set forth in the section headed "Structure and Conditions of the Global Offering" in this prospectus.
- (2) You will not be permitted to submit your application through the designated website at www.whiteform.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of 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, a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 5 July 2022, the application lists will not open and close on that day. See "How to Apply for Hong Kong Offer Shares—10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this prospectus.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares—Applying by giving **electronic application instructions** to HKSCC via CCASS" in this prospectus. 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 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.
- (5) The Price Determination Date is expected to be on or about Tuesday, 5 July 2022 and, in any event, not later than Sunday, 10 July 2022. If, for any reason, the Offer Price is not agreed on or before Sunday, 10 July 2022, the Global Offering will not proceed and will lapse.

EXPECTED TIMETABLE⁽¹⁾

- (6) In case a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning signal and/or Extreme Conditions is/are in force in any days between Tuesday, 28 June 2022 to Tuesday, 12 July 2022, then the day of (i) announcement of results of allocations in the Hong Kong Public Offering; (ii) despatch of Share certificates and refund cheques/**e-Refund** payment instructions; and (iii) dealings in the Shares on the Stock Exchange may be postponed and an announcement may be made in such event.
- (7) **e-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 maximum Offer Price per Offer Share initially paid on application. Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).
- (8) None of the information contained on any website forms part of this prospectus.

Share certificates will only become valid evidence of title if the Global Offering has become unconditional in all respects and the Underwriting Agreements have not been terminated in accordance with its terms, which is expected to be at or around 8:00 a.m., on Tuesday, 12 July 2022. Investors who trade in our Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid evidence of title do so entirely at their own risk.

You should read carefully the sections headed “Underwriting”, “Structure and Conditions of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in this prospectus for details relating to the structure and conditions of the Global Offering, how to apply for Hong Kong Offer Shares and the expected timetable.

We will publish an announcement on the website of our Company at ir.sinohealth.cn and the website of the Stock Exchange at www.hkexnews.hk in case there is any change in the expected timetable of the Hong Kong Public Offering as described above.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTOR

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong 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 Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of making, 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 and sale 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 contained nor made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, employees, agents or representatives of any of them or any other parties involved in the Global Offering.

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SUMMARY

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. You should read the entire prospectus 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 the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We primarily provide healthcare insight solutions to address the sales and marketing needs of our medical product manufacturer clients. These solutions are based mainly on our retail data as a significant part of our healthcare big data. We have a leading position in the medical products and channels segment. Healthcare insight solutions refer to product or service offerings based on healthcare big data and associated technologies which support the information and digitization needs of various organizations in the industry. Our partnering pharmacies are our important business partners who primarily supply us with retail data, forming a key component of our database. We deliver our solutions mainly via offline channels such as in the form of reports, publications, events and campaigns. According to the iResearch Report, we ranked first for the medical products and channels segment of healthcare insight solutions in the PRC in terms of (i) revenue in 2021, and (ii) number of top medical product manufacturers (based on lists of top medical product manufacturers in 2020 compiled by Torrey and Yaozh.com) and number of corporate clients served in 2020. By application scenarios, the medical products and channels segment (with market size of approximately RMB8.2 billion) is one of the three major segments of China's healthcare insight solutions market (with market size of approximately RMB24.9 billion), accounting for approximately 32.9% of the overall China's healthcare insight solutions in terms of revenue in 2021 (in which we ranked 5th in terms of revenue). Both the medical products and channels segment and the healthcare insight solutions market in China are relatively fragmented, and in terms of revenue in 2021, we accounted for market shares of approximately 3.9% (among approximately 800 to 1,000 market players) and approximately 1.3% (among more than 2,500 market players), respectively, based on the iResearch Report. See "Industry Overview—Healthcare Insight Solutions Industry—Competition" in this prospectus.

Our integrated healthcare insight solutions include:

- (i) **Data Insight Solutions** — tailor-made business growth or investment solutions in the form of customized data insights report to help clients make their business decisions and data-driven marketing solutions for promotion of clients' products to retail pharmacies and consumers, primarily targeting medical product manufacturers;
- (ii) **Data-driven Publications and Events** — customized publications in the form of reports, speeches and presentations by us and our clients based on our data insights as well as precision connections coordinated by us among our business participants (including our clients and non-clients who participate in our events), in order to help industry participants understand the market trend and enable business promotion and networking opportunities amongst them, targeting a wide range of healthcare industry participants such as medical product manufacturers, retail pharmacies and investment institutions; and
- (iii) **SaaS** — user-friendly software embedded with functionalities such as data insights on medical products, consumer portrait, retail market and the industry, store and retail management tools, health and disease management tools and clinic management tools, in order to enable our clients to rapidly digitalize their business operations, primarily targeting medical product manufacturers, retail pharmacies, physical examination institutions and medical service institutions,

to a diverse group of healthcare industry participants with a particular focus on medical product manufacturers.

SUMMARY

Through a combination of industry knowledge and continuous product development, we have developed comprehensive healthcare insight solutions which include customized (Data Insight Solutions and Data-driven Publications and Events) and standardized (SaaS) solutions and products for healthcare industry participants under a wide range of application scenarios.

Our business model is supported by three core pillars, namely, (i) Sinohealth Engine (our technology and data platform supporting all of our business segments which improves our product development efficiency and consistency through a cluster of common application modules and technologies, where our developers are able to quickly assemble these technologies into end-user-oriented features or products, and contains our data warehouse); (ii) Healthcare Industry Participant Networks (consisting of various sizeable and revenue-generating events and Media Channels organized and managed by us to provide business and networking opportunity to participants, promote our offerings and understand our clients' business needs for new product development); and (iii) Big Data & AI Lab (our research and development team which supports our technologies through internal research efforts and collaboration with external parties with a focus on data and AI technologies and feeds our well-developed technologies to Sinohealth Engine).

During the Track Record Period, our business continued to grow steadily. Our revenue increased by approximately 13.7% from approximately RMB177.8 million for the year ended 31 December 2019 to approximately RMB202.1 million for the year ended 31 December 2020, and by approximately 60.4% to approximately RMB324.2 million for the year ended 31 December 2021. Our profit was approximately RMB54.4 million, RMB65.3 million and RMB72.0 million for the years ended 31 December 2019, 2020 and 2021, respectively. For the same periods, our net profit margin was approximately 30.6%, 32.3% and 22.2%, respectively. Our net profit margin decreased to 22.2% for the year ended 31 December 2021, primarily due to the listing expenses incurred, the introduction of certain solutions with lower margins within Data Insight Solutions, and the Reorganization leading to a higher effective tax rate in 2021. See "Financial Information" in this prospectus. Our adjusted net profit margin (which is a non-HKFRS measure) for the year ended 31 December 2021 was 28.6%. See "Financial Information—Non-HKFRS Measures" in this prospectus.

Healthcare Insight Solutions Industry

Healthcare insight solutions support the information and digitization needs of various organizations, institutions and enterprises in the healthcare industry. They lead to better services for medical institutions, medical product manufacturers, healthcare managers, healthcare regulators, insurance institutions, patients, and other participants in the healthcare industry chain. Tangible results that can be achieved include reduced clinical research and development costs, enhanced quality of medical diagnosis and treatment services, and more efficient institutional management and operations. This market can be divided into three segments, being (i) medical products and channels, mainly relating to solutions such as data insight solutions, real-world data of medical products and pharmaceutical SaaS services based on big data of medical products, purchasing behavior and circulation of medical products; (ii) medical services, mainly relating to smart medical services, electronic medical records and medical imaging; and (iii) government supervision, mainly relating to policy-making support and regional epidemiological research services. Currently, in terms of market size, the medical

SUMMARY

services segment is the largest and the medical products and channels segment enjoys the highest growth potential. Players in the healthcare insight solutions industry generally offer solutions that serve sales and marketing or research and development needs of the clients.

Currently, we primarily operate in the medical products and channels segment of the healthcare insight solutions market.

OUR BUSINESS MODEL

Our business model is client-centric and our comprehensive and integrated Data Insight Solutions, Data-driven Publications and Events and SaaS offerings allow us to accommodate the needs of our clients for various scenarios (particularly related to sales and marketing aspects) and cover the full vertical healthcare industry chain.

- **Data Insight Solutions.** These primarily target medical product manufacturers, enabling them to form decisions in an effective manner, manage internal resources and achieve their business goals. Based on our big data, understanding and experience in the healthcare industry, our Data Insight Solutions are tailor-made solutions designed to cater for clients' needs for specific combination of data analytics, application scenarios, objectives and preferences. Our Data Insight Solutions clients are mainly international and domestic manufacturers of medical products such as prescription and OTC drugs, medical equipment and Chinese medicine. Due to the nature of data insight solutions, once our clients benefit from the value of our Data Insight Solutions that help them expand their business scale, they are inclined to become our long-term clients.
- **Data-driven Publications and Events.** We provide a combination of publications (in the form of speeches, reports or presentations by us or our clients), precision connections (including brand promotion campaigns, roadshows or one-on-one business meetings we coordinate for our clients targeting to their potential business partners and investors) and exhibitions through our Industry Events (the events we organize and host for the healthcare industry participants). Our Industry Events aim at promoting our own solutions and products and assisting our clients, mainly medical product manufacturers, pharmacies and investment institutions, in promoting their brand value and products and connecting with other industry participants.
- **SaaS.** Our SaaS products provide our clients with user-friendly software embedded with functionalities such as data insights on medical products, consumer portrait, retail market and the industry, store and retail management tools, health and disease management tool and clinic management tool. Our SaaS products enable our clients to rapidly digitalize their business operations and have steady and regular access to our latest and ready-to-use data insights as well as additional functionalities.

SUMMARY

Set out below are (i) certain key financial information during the Track Record Period; and (ii) a highlight as at the Latest Practicable Date, for each business segment.

Certain key financials

Business segment	For the year ended								
	2019			2020			2021		
	Revenue	Cost of sales	Gross profit margin	Revenue	Cost of sales	Gross profit margin	Revenue	Cost of sales	Gross profit margin
RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	
Data Insight Solutions	92,800	32,346	65.1%	98,418	32,124	67.4%	161,367	71,186	55.9%
Data-driven Publications and Events	80,506	33,848	58.0%	96,678	33,323	65.5%	134,613	49,187	63.5%
SaaS	4,444	5,460	(22.9)%	6,977	6,420	8.0%	28,186	11,154	60.4%

Notes:

- (1) Our cost of sales increased in 2021 primarily because of
 - for Data Insight Solutions — (i) more staff costs due to the expansion of our employee teams in relation to our Growth and Investment Decision Solutions in particular to focus on data insight research and consulting for innovative drugs; and (ii) more marketing and advertising expenses incurred in relation to provision of our expanded precision marketing solutions as part of our Data-driven Marketing Solutions;
 - for Data-driven Publications and Events — more event costs mainly due to our expansion of scale and increases in attendance numbers of our Merchandise Trading Event and Industry Prospect Event; and
 - for SaaS — more staff costs due to the maintenance relating to our products under Smart Decision Cloud, in particular, the LinkedSee product which was launched in June 2020, and the adjustments and iteration of our SaaS product which are still in their growth stage.
- (2) The gross profit margin of our Data Insight Solutions decreased from approximately 67.4% in 2020 to approximately 55.9% in 2021, primarily due to an increase in the cost of sales for Data Insight Solutions by approximately 121.6% from 2020 to 2021 while the revenue generated from our Data Insight Solutions increased at a lower level of approximately 64.0% between the same periods. This was mainly driven by the tailored solutions we had launched recently within our Growth and Investment Decision Solutions and Data-driven Marketing Solutions. In particular, the increase in costs of sales resulted from (i) an increase in staff costs as we expanded our employee teams, including staff focusing on data insight research and consulting for our solutions relating to innovative drugs and products or treatments as part of our Growth and Investment Decision Solutions; and (ii) marketing and advertising expenses we incurred relating to the promotion of our clients' products on digital media and other advertising channels, for our expanded precision marketing solutions, which had lower margins compared to events and campaigns that were mainly launched in cooperation with our partnering pharmacies.

SUMMARY

Highlight

Business segment & target clients

Business segment & target clients	Offering	Application scenarios	Value to clients	Deliverable	Monetization
Data Insight Solutions					
<ul style="list-style-type: none"> Growth and Investment Decision Solutions (<i>targeting medical product manufacturers</i>) 	<ul style="list-style-type: none"> Tailor-made business growth and investment solutions on demand based on our data insights, which contains a clear view on the market performance of relevant medical products and channels 	<ul style="list-style-type: none"> Business operation of medical product manufacturers, such as their production, sales and strategies Investment decision-making 	<ul style="list-style-type: none"> Helping clients form the basis for decision-making, marketing strategies, problem-solving, investment and strategic business development 	<ul style="list-style-type: none"> One-time and/or periodic customized reports, and if required, report interpretations of data analytics and problem-solving recommendations 	<ul style="list-style-type: none"> Service fees on a case-by-case basis depending on the scope of data insight and period to be covered by the report, as well as the complexity of the data analysis and the value to our clients
<ul style="list-style-type: none"> Data-driven Marketing Solutions (<i>targeting medical product manufacturers</i>) 	<ul style="list-style-type: none"> Multi-channel marketing solutions covering customized marketing consultation and campaigns coordination, media content production and training services which are supported by our data technology 	<ul style="list-style-type: none"> Precision connection and promotion for clients' products Retail channel training for medical product manufacturers 	<ul style="list-style-type: none"> Helping clients analyze demand, preference and behavior of end-consumers, identify more suitable marketing channels, formulate more effective marketing plans and create more targeted media content to achieve clients' ultimate goal of driving sales 	<ul style="list-style-type: none"> Marketing proposals and campaigns Media content Customized training 	<ul style="list-style-type: none"> Service fees on a case-by-case basis depending on the scope of data insight, complexity, timespan and expenses of the marketing campaign Service fees on a case-by-case basis depending on the complexity of the media content Service fees on a case-by-case basis depending on the number of participants, the frequency and length of the trainings
Data-driven Publications and Events (<i>targeting healthcare industry participants (such as medical product manufacturers, retail pharmacies and investment institutions)</i>)	Publications of data insights through reports, speeches or presentations; precision connection through promotional campaigns and road show coordination; and exhibitions for brand promotion	Understanding of industry developments, brand and product promotion and networking opportunities for medical product manufacturers, pharmacies as well as other business participants	Providing clients with data insights regarding the healthcare industry as well as precision connection with target business partners, publications of views and ideas, exhibition, marketing and business exposure	<ul style="list-style-type: none"> Publications by clients and us Conventions, summits, forums, seminars, exhibitions, promotion campaigns, roadshows organized by us 	<ul style="list-style-type: none"> Lump sum service fees on a case-by-case basis depending on the scope of services and associated costs Service fees on a case-by-case basis depending on the size, facility and the location of the exhibition booth Ticket fee depending on the nature of the events

SUMMARY

Business segment & target clients	Offering	Application scenarios	Value to clients	Deliverable	Monetization
<p>SaaS</p> <ul style="list-style-type: none"> Smart Decision Cloud (mainly CHS, LinkedSee and Pharmacy Connect) <i>(targeting medical product manufacturers, medical, research institutions and suppliers of raw materials of medical products)</i> 	<ul style="list-style-type: none"> Right of use to our proprietary cloud-based software to generate data insights based on drug information analytics, consumer portrait analytics or pharmacy information analytics 	<ul style="list-style-type: none"> Drug related information search and competitive product analysis Market information generation on the latest drug retail performance Information search on pharmacy stores' number, market potential, geographical location and layout 	<ul style="list-style-type: none"> Supporting in looking up specification information and evaluating market potential of a particular drug or drug category, which helps the client formulate decision in relation to medicine research, development or distribution Supporting in obtaining an overall insight into the sales performance of the drug market and the market performance and consumer characteristics for a specific drug category or brand, which helps the client optimize the decisions in relation to retail distribution and development for a specific product category 	<ul style="list-style-type: none"> Access to our proprietary cloud-based software, together with additional reports on an ad-hoc demand 	<ul style="list-style-type: none"> Annual subscription fee depending on the number of user accounts required, product purchased and extent of access rights

SUMMARY

Business segment & target clients	Offering	Application scenarios	Value to clients	Deliverable	Monetization
<ul style="list-style-type: none"> Smart Retail Cloud (mainly SIC) (targeting retail pharmacies) 	<ul style="list-style-type: none"> Right of use to our proprietary cloud-based software that facilitates store and retail management 	<ul style="list-style-type: none"> Membership management (such as membership registration tracking, member loyalty identification and purchasing behaviour monitor), store management (including pharmacy staff management and in-store sales performance and inventory assessment), data insight acquisition (regarding market condition and opportunities), and pharmacy staff training (with trackable progress and effectiveness) 	<ul style="list-style-type: none"> Supporting pharmacies with membership and marketing management, store management, data insights and staff training, which improves their customer services efficiency, internal management levels and professional services 	<ul style="list-style-type: none"> Access to our proprietary cloud-based software 	<ul style="list-style-type: none"> Our SIC users were not required to pay us installation and subscription fee and we only charged for customized add-on services such as category management and onsite training during the Track Record Period
<ul style="list-style-type: none"> Smart Health Management Cloud (AI-MDT) (targeting physical examination, institutions and medical service institutions) 	<ul style="list-style-type: none"> API use for physical examination report analysis and subsequent health management plans 	<ul style="list-style-type: none"> Intelligent disease screening and prevention, sub-health intervention and chronic disease management with reference to the health metrics and lifestyle of individuals 	<ul style="list-style-type: none"> Supporting our clients such as physical examination institutions in the provision of in-depth physical examination report analysis and subsequent health management plans to more users based on their respective health metrics and lifestyle in a cost efficient manner 	<ul style="list-style-type: none"> Customized healthcare reports 	<ul style="list-style-type: none"> Usage-based subscriptions for APIs
<ul style="list-style-type: none"> Smart Medical Cloud (revenue generated since 2021 with certain completed modules while research and development of the entire project is yet to complete) (targeting medical service institutions and public health agencies) 	<ul style="list-style-type: none"> Setup of internet hospital through application software 	<ul style="list-style-type: none"> Digitalization of medical service consultation and treatment processes, covering online medical appointments, out-patient consultation, hospitalization, diagnosis, medical treatments, prescription and dispensing, follow-up consultations and medical product logistics 	<ul style="list-style-type: none"> Aiming to support medical service institutions with setup of internet hospitals covering the whole medical treatment process 	<ul style="list-style-type: none"> Application software 	<ul style="list-style-type: none"> Service fees on project basis with reference to the services modules constructed and associated technology and services provided

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Our different business segments create synergies: (i) our Data-driven Publications and Events collect business needs of our other business segments while assisting in their business development at the same time; (ii) our Data Insight Solutions support content requirements for our Data-driven Publications and Events and drive the development of our SaaS products through standardizing certain customary industry needs as software products; (iii) and our SaaS product (SIC) provides data sources for our Data Insight Solutions and Data-driven Publications and Events, and our SaaS clients also become participants of our Data Insight Solutions and Data-driven Publications and Events.

DATA SOURCES AND COLLECTION

We primarily collect raw data from (i) our partnering pharmacies that consist of (a) retail pharmacies which enter into CMH Cooperation Agreements and Non-disclosure Agreements with us and (b) retail pharmacies which are our SIC users; (ii) our Industry Events through Healthcare Link; and (iii) public resources and subscriptions. See “Business—Our Technologies and Big Data—Big Data—Data Sources and Data Collection” in this prospectus.

Retail pharmacies which enter into CMH Cooperation Agreements and Non-disclosure Agreements with us. We typically agree to provide the medical product retail report for a fee (where applicable) on a monthly basis, while the partnering pharmacies agree to provide us with their monthly retail data for a fee (where applicable). Through these agreements, we collect retail data covering store information, manufacturer, product specification, unit, dosage form, sales volume, retail price, etc., which do not include any personal information. These data are uploaded to our data collection platform and then stored in our Tiangong No.1 data warehouse. We de-identify the information that can be linked to or cause a particular store to be identifiable, in accordance with these agreements.

Retail pharmacies which are our SIC users. Pursuant to the SIC Services Agreements entered into by our SIC users, we are allowed to collect and manage data, conduct data analysis, produce and provide output of data insights which do not require consent of any third parties. Our SIC users have maintained member service agreements with the consumers who are their store members, informed them of the purposes, methods and scope of collecting, using and sharing their information and obtained their consent. Through the SIC Services Agreements, we collect data including store location and inventory, retail data and de-identified member information. Our de-identified member data contains the membership card number, age and gender of the members, which correspond to their purchase records (i.e. the retail data). Based on the de-identified member data and the associated retail data, we conduct our consumer portrait analysis, such as the purchase frequency and preference, for the provision of our solutions. These data are exported to SIC by our SIC users from their own sales systems on a daily basis and then stored in our Tiangong No.1 data warehouse. As the receiving party of the de-identified member data, we further de-identify these data to encrypt the information that can be linked to or cause a particular store to be identifiable.

Industry Events through Healthcare Link. In our Data-driven Publications and Events business, we collect, store, process and analyze certain personal information of event participants in operating Industry Events through Healthcare Link upon their authorization. We have maintained personal information protection policy, and we do not use the data for any purpose that has not been consented to by the users or is not necessary for our service provision to the users.

Public resources and subscriptions. We collect data from public resources and subscriptions, such as the official websites of the National Medical Products Administration, the National Healthcare Security Administration and the National Health Commission. Such data includes national licensing number, name, specifications, manufacturer and category of medical products, company registration information of pharmacies, medical services providers and manufacturers, disease treatment effectiveness, registration and licensing information of medical practitioners and governmental approvals, notices and policies relating to medical products and healthcare industry. We store these data in our master databases within our Tiangong No.1 data warehouse. We do not use special internet methods or technologies to collect these information that is not public in accordance with laws and regulations or requires pre-procedures or special permission.

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The data collected from our partnering pharmacies forms an essential part of our database. For the year ended 31 December 2021, such data constituted more than 2.7 billion data entries stored in our Tiangong No.1 data warehouse, among which, over 80% was collected from our SIC users on a daily basis and the remaining was collected pursuant to the CMH Cooperation Agreements and Non-disclosure Agreements on a monthly basis. Each of these data entries generally contains data covering store information, manufacturer, product specification, unit, dosage form, sales volume, retail price, membership information (where applicable), etc.

During the Track Record Period, our data collection costs refer to those incurred for our data collection from retail pharmacies which enter into CMH Cooperation Agreements and Non-disclosure Agreements with us. For the years ended 31 December 2019, 2020 and 2021, our data collection costs amounted to approximately RMB2.0 million, RMB3.5 million and RMB6.3 million, respectively.

The following table sets forth the network of our partnering pharmacies as at the dates and for the period indicated:

	As at 31 December			As at the Latest Practicable Date
	2019	2020	2021	2021
Network of Our Partnering Pharmacies				
Number of our partnering pharmacies ⁽¹⁾	496	759	1,072	1,257
Number of stores covered by our partnering pharmacies ⁽¹⁾	25,157	37,703	52,882	63,234
Pharmacy staff using our SIC mobile application ⁽⁵⁾	49,600	113,000	173,000	192,400
Active pharmacy staff using our SIC mobile application ⁽²⁾⁽⁵⁾⁽⁶⁾	–	–	–	43,100
Pharmacy consumers managed by pharmacies through our SIC ⁽⁵⁾⁽⁶⁾	–	–	–	231,200,000
Active pharmacy consumers managed by pharmacies through our SIC ⁽³⁾⁽⁵⁾⁽⁷⁾	–	28,500,000	29,100,000	26,800,000
				For the month ended 31 December 2021
Total retail sales entries collected through the SIC ⁽⁴⁾⁽⁵⁾				137,000,000

Notes:

- (1) Our partnering pharmacies include all retail pharmacies with whom we enter into CMH Cooperation Agreements or SIC Services Agreements. As at 31 December 2021 and the Latest Practicable Date, the number of the stores of our partnering pharmacies accounted for approximately 9.5% and 11.4% of the total number of pharmacy stores in China in 2020 according to the National Medical Products Administration. For details of our partnering pharmacies, see “Business—Our Technologies and Big Data—Big Data—Data Sources and Data Collection” in this prospectus.
- (2) It refers to the number of pharmacy staff that had used our SIC mobile application within 30 days before the Latest Practicable Date.
- (3) It refers to the number of pharmacy consumers that had made purchase in the stores of our partnering pharmacies within 90 days before the relevant date.
- (4) It refers to the total number of sales transaction entries collected through SIC, from which we extract the retail data. Each sales transaction entry may constitute multiple data entries as stored in our Tiangong No.1 data warehouse, based on the number of different products contained in the sales transaction entry.

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- (5) These numbers are approximate numbers.
- (6) The number was updated on a real-time basis, and thus we are only able to provide the information as at the Latest Practicable Date.
- (7) We were able to generate relevant statistics for a specific point of time since 2020.

DATA SECURITY AND PRIVACY

We are committed to protecting our databases and systems, as well as the information and privacy of clients, users and other participants on our platforms. We have implemented comprehensive measures to ensure user privacy and data security and to comply with applicable cybersecurity and data privacy laws and regulations. The table below sets out a summary of our key data security measures.

Security and system certification	<ul style="list-style-type: none">• we have obtained Grade 3 Information System Security Graded Protection Certification from Guangzhou Municipal Public Security Bureau, which demonstrates that our technical solutions and security management have satisfied the strictest national criteria of information system protection for non-bank institutions in all requested aspects
Infrastructure stability and security	<ul style="list-style-type: none">• we have constructed our internal network to satisfy the need for high performance, high scalability, high reliability, and ease of maintenance• the server, databases, and core firewall are physically separated from other areas in the server room, which can only be accessed by authorized IT administrators• we perform daily backups of all our operating data using an enterprise-level data protection software product that unifies and automates backup across physical and virtual environments for disaster recovery• we have a protocol for operation and maintenance management, monitor and alert mechanisms, network security management and disaster recovery• we have established a designated emergency unit, escalation protocol and business continuity mechanism in case of any major catastrophic event
Data security architecture, network security and management	<ul style="list-style-type: none">• our large database is stored on a closed platform environment that we created and is disconnected from the external internet• the database can only be accessed by certain designated and authorized personnel after assessment and approval procedures, whose actions are recorded and monitored correspondingly• we store our processed data in the self-constructed private cloud

SUMMARY

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| De-identification technology | <ul style="list-style-type: none">• our partnering pharmacies de-identify their data before it is exported to our database• we further de-identify the data and generate a serial number for each individual and store by irreversibly encrypting the identification information field, which does not contain any identifiable information |
| Internal control over data access and usage | <ul style="list-style-type: none">• our internal control protocols cover the full lifecycle of data processing• we manage access to personal data based on strict necessity and maintain records of data access• we require all our employees to attend regular trainings, comply with our internal policies and protect privacy and personal information• we strictly prohibit unauthorized or improper collection or use of such data or personal information |

Our PRC Legal Advisers are of the view that our operation, including our use of data, is in compliance with all the applicable PRC laws and regulations governing data protection and privacy including the PIP Law and the Data Security Law of the PRC in all material respects. See “Business—Our Technologies and Big Data—Big Data—View of our PRC Legal Advisers” in this prospectus.

OUR STRENGTHS

We possess the following key competitive strengths: (i) largest provider of healthcare insight solutions for medical products and channels in China; (ii) pioneer in the healthcare insight solutions industry benefiting from strong monetization from vertically-integrated solutions designed for the healthcare industry; (iii) powerful, revenue-generating Healthcare Industry Participant Networks; (iv) extensive, prestigious and loyal client base; (v) combination of our extensive network and big data strongly supports our solutions and products; (vi) Sinohealth Engine that incubates Data Insight Solutions and SaaS products effectively and successfully; and (vii) visionary management and talented pool of employees with both IT and healthcare expertise. See “Business—Our Strengths” in this prospectus.

OUR STRATEGIES

We intend to implement the following strategies: (i) continue to invest in and expand our SaaS products in the healthcare industry; (ii) focus on innovation and in-depth research of data technology and AI technology; (iii) continue to expand our client base and drive sales; (iv) enhance our cooperation with key clients in the healthcare industry; (v) seek external research and development opportunities; (vi) seek strategic alliances, investments and acquisition opportunities; and (vii) expand the construction of our Healthcare Industry Participant Networks. See “Business—Our Strategies” in this prospectus.

COMPETITION AND MARKET OPPORTUNITIES

China’s healthcare insight solutions market is relatively fragmented, according to the iResearch Report, and low concentration benefits leading market players that are well-positioned to compete in the industry. There are approximately 800 to 1,000 companies operating in the market for healthcare insight solutions for medical products and channels. According to the iResearch Report, this fragmentation is expected to be temporary as smaller companies will be gradually eliminated, and high barriers to entry exist due to competition between companies in their abilities to form and leverage networks and channels, to develop and implement data technology, and to hire and retain professional and skilled talent. In terms of

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entry barriers for competitors to enter the market and the ability to source quality healthcare data, companies that have accumulated more data and project experience, possess access to a more complete industry chain, retain multi-disciplinary professionals, and have big data processing technology would have substantial advantages. The healthcare insight solutions market will present a more diversified market competition pattern, and the depth, breadth, and diversification of databases will become key elements of industry competition. In addition, the network and number of medical product manufacturers served are the core area of competition of this segmented market.

The key trends and market opportunities for healthcare insight solutions include: (i) the potential growth in the out-of-hospital market for data collection; (ii) integration of big data and medical services to promote the development of internet hospitals; (iii) popularity for SaaS delivery; (iv) potential growth in the value of healthcare aPaaS (a category of cloud service that offers development and deployment environments for application services); (v) closed-loop ecosystems targeting whole-cycle integrated solutions; and (vi) further commercialization opportunities to enable healthcare management and commercial insurance. See “Industry Overview” in this prospectus.

OUR CLIENTS AND SUPPLIERS

We have developed a broad client base covering key stakeholders in the healthcare industry chain, including medical product manufacturers, pharmacies, physical examination institutions, investment institutions, regulators, medical service institutions and insurance companies. For the years ended 2019, 2020 and 2021, we had 630, 702 and 918 corporate clients, respectively. According to the iResearch Report, in 2021, we had 63 top medical product manufacturer clients, of which 69.8% had transactions with us for each of the three years ended 31 December 2019, 2020 and 2021. For the years ended 31 December 2019, 2020 and 2021, our top five clients accounted for 23.7%, 23.6% and 22.1% of our total revenue, respectively. See “Business—Our Clients” in this prospectus.

Our suppliers mainly include (i) some of our partnering pharmacies which provide us with data and charge us fees; (ii) our software and hardware providers; (iii) hotels, travel agencies and specialized service providers for our Data-driven Publications and Events; and (iv) advertising agency services providers. For the years ended 31 December 2019, 2020 and 2021, purchases from our five largest suppliers in aggregate accounted for approximately 36.7%, 31.8% and 34.7% of our total purchases, respectively. See “Business—Our Suppliers” in this prospectus.

RISK FACTORS

Our business and the Global Offering involve certain risks as set forth in “Risk Factors” in this prospectus. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include: (i) slowdown in growth of revenue generated from our medical product manufacturer clients or significant reduction in these clients’ demand for healthcare insight solutions; (ii) inaccurately recorded, categorized or synchronized raw data provided by our partnering pharmacies; (iii) failure to maintain and expand our network of partnering pharmacies; (iv) failure to innovate and adapt to rapid developments in big data, AI and other technologies; and (v) potential design or performance defects in our big data and technology infrastructure as well as our solutions and products.

CONTRACTUAL ARRANGEMENTS

Our Consolidated Affiliated Entities currently operate and may operate in certain industries that are subject to restrictions under current PRC laws and regulations. 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, the Contractual Arrangements were entered into on 8 June 2021 and 6 May 2022. As a result, although we do not directly own any equity interest in our Consolidated Affiliated Entities, by virtue of the Contractual Arrangements, we have effective control over the financial and operational policies of our Consolidated Affiliated Entities and are entitled to all the economic benefits derived from the Consolidated Affiliated Entities’ operations, which we are entitled to by virtue of the equity interests we hold. See “Contractual Arrangements” in this prospectus.

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For details on the potential impact of the development of the FIL on our Contractual Arrangements, see “Contractual Arrangements—Impact and Potential Consequences of the FIL” in this prospectus. For the risks relating to the Contractual Arrangements, see “Risk Factors—Risks Relating to Our Contractual Arrangements” in this prospectus.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Capitalization Issue and Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme), Wellmark BVI, WLF BVI and Rikan LLP will hold in aggregate approximately 59.7750% of the issued share capital of our Company.

Wellmark BVI is wholly owned by Mr. Wu. WLF BVI is wholly owned by Ms. Wang, who is Mr. Wu’s spouse. Rikan LLP is a limited partnership, the sole general partner of which is Wellmark BVI holding approximately 2.0% interests. Accordingly, Mr. Wu, Ms. Wang, Wellmark BVI, WLF BVI and Rikan LLP are regarded as a group of controlling shareholders of the Company within the meaning of the Listing Rules. See “Relationship with our Controlling Shareholders” in this prospectus.

OUR PRE-IPO INVESTORS

Pre-IPO investments in our Company were undertaken by Shanghai Tianyi, Ms. Shu Meizhen, Mr. Xu Haixun and Zhongwei Tengyun. Ms. Shu Meizhen ceased to be our pre-IPO investor after the transfer of all her equity interest held in Sinohealth Information to Zhongwei Tengyun in September 2018. See “History, Reorganization and Corporate Structure—Pre-IPO Investments” in this prospectus.

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SUMMARY OF KEY FINANCIAL INFORMATION

This summary historical data of financial information set forth below has been derived from, and should be read in conjunction with, our consolidated financial statements, including the accompanying notes, set forth in the section headed “Accountants’ Report” in Appendix I to this prospectus, and information set forth in “Financial Information” of this prospectus. Our financial information was prepared in accordance with HKFRSs.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth our consolidated statements of profit or loss and other comprehensive income with line items in absolute amounts and as percentages of our revenue for the years indicated.

	For the year ended 31 December					
	2019		2020		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Revenue	177,750	100.0%	202,073	100.0%	324,166	100.0%
Cost of sales	(71,654)	(40.3)%	(71,867)	(35.6)%	(131,527)	(40.6)%
Gross profit	106,096	59.7%	130,206	64.4%	192,639	59.4%
Other income and gains	15,662	8.8%	19,026	9.4%	29,537	9.1%
Selling and distribution expenses	(10,691)	(6.0)%	(14,833)	(7.3)%	(24,786)	(7.6)%
Administrative expenses	(12,780)	(7.2)%	(16,585)	(8.2)%	(44,163)	(13.6)%
Research and development costs	(29,262)	(16.5)%	(39,821)	(19.7)%	(53,711)	(16.6)%
Impairment losses on financial assets, net	(1,303)	(0.7)%	(691)	(0.3)%	(2,855)	(0.9)%
Other expenses	(31)	0.0%	(8)	0.0%	(184)	(0.1)%
Finance costs	(576)	(0.3)%	(1,222)	(0.6)%	(532)	(0.2)%
Share of losses of Associates	–	–	–	–	(416)	(0.1)%
Profit before tax	67,115	37.8%	76,072	37.6%	95,529	29.5%
Income tax expense	(12,736)	(7.2)%	(10,743)	(5.3)%	(23,551)	(7.3)%
Profit for the year	54,379	30.6%	65,329	32.3%	71,978	22.2%
Total comprehensive income for the Year	54,379	30.6%	65,329	32.3%	71,978	22.2%
Attributable to:						
Owners of the parent	56,089	31.6%	67,926	33.6%	78,813	24.3%
Non-controlling interests	(1,710)	(1.0)%	(2,597)	(1.3)%	(6,835)	(2.1)%
	<u>54,379</u>	<u>30.6%</u>	<u>65,329</u>	<u>32.3%</u>	<u>71,978</u>	<u>22.2%</u>

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Non-HKFRS Measures

To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also present adjusted net profit as an additional financial measure, which is not required by, nor presented in accordance with, HKFRS. We define adjusted net profit as net profit for the year excluding listing expenses. Adjusted net profit eliminates the effect of our listing expenses. We present this additional financial measure as it is used by our management to evaluate our financial performance. We also believe that this non-HKFRS measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting years and to those of our peer companies.

However, our presentation of adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of this non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under HKFRS.

The following table sets forth the reconciliation of our non-HKFRS financial measure for each year of the Track Record Period presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	For the year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	54,379	65,329	71,978
Add:			
Listing expenses ⁽¹⁾	–	–	20,648
Adjusted net profit (Non-HKFRS measure)	54,379	65,329	92,626
Adjusted net profit margin (Non-HKFRS measure) (%)	30.6	32.3	28.6

Note:

⁽¹⁾ Listing expenses are commonly not included in similar non-HKFRS financial measures.

The adjusted net profit (non-HKFRS measure) has not excluded government grants received from local government departments for each of the years comprising the Track Record Period, such as those relating to the Industry Prospect Event held in Hainan since 2016. For the years ended 31 December 2019, 2020 and 2021, our government grants were approximately RMB1.7 million, RMB3.4 million and RMB16.4 million, respectively. In particular, government grants received increased from the year ended 31 December 2020 to the year ended 31 December 2021 primarily because a large portion of government grants received in 2021 were in relation to the Industry Prospect Events held in 2019, 2020 and 2021 but which were only received in 2021 from the Government of Hainan Province. The Group intends to continue applying for such government grants in the future. As each government grant must be applied for in respect of each conference individually and the relevant government department has the discretion to determine when grant payments are made, the grants are only recognized by the Group when received. As such, the Group has not excluded its government grants in the calculation of the adjusted net profit (non-HKFRS measure) as they are considered recurring in nature.

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Selected Data from the Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as at the dates indicated.

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total non-current assets	17,389	35,046	16,609
Total current assets	423,462	507,161	500,414
Total assets	440,851	542,207	517,023
Total non-current liabilities	7,329	22,300	4,974
Total current liabilities	37,596	55,282	96,138
Total liabilities	44,925	77,582	101,112
Share capital	–	–	322
Reserves	394,739	462,665	416,536
Non-controlling interests	1,187	1,960	(947)
Total equity	395,926	464,625	415,911

Our net assets increased from RMB395.9 million as at 31 December 2019 to RMB464.6 million as at 31 December 2020 primarily due to our profit and total comprehensive income for the year of approximately RMB65.3 million. Despite our recognition of comprehensive income amounting to approximately RMB72.0 million for 2021, our net assets decreased from RMB464.6 million as at 31 December 2020 to RMB415.9 million as at 31 December 2021, primarily due to (i) a dividend payment of approximately RMB120.1 million declared and approved on 27 January 2021; and (ii) the net decrease of approximately RMB1.3 million resulting from (a) a deemed distribution to certain then shareholders of Sinohealth Information of approximately RMB185.5 million for repurchases of the entire interests they held in Sinohealth Information under the reduction of registered capital for Sinohealth Information as part of the Reorganization; and (b) an issue of shares of our Company of approximately RMB184.2 million. See “History, Reorganization and Corporate Structure—Reorganization—Onshore Reorganization—Reduction of Registered Capital of Sinohealth Information” in this prospectus.

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In addition, the following table sets forth the key items in our consolidated statements of financial position as at the dates indicated.

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CURRENT ASSETS			
Inventories	599	573	680
Trade and notes receivables	19,536	28,712	81,866
Prepayments, other receivables and other assets	1,677	5,424	10,451
Financial assets at fair value through profit or loss	181,015	356,664	373,389
Due from a director	–	10	–
Due from a related party	–	–	73
Cash and cash equivalents	220,635	115,778	33,955
Total current assets	423,462	507,161	500,414
CURRENT LIABILITIES			
Trade payables	2,631	3,669	16,859
Other payables and accruals	27,961	38,399	67,586
Lease liabilities	3,214	5,570	4,640
Due to a related party	–	1,500	–
Due to a director	47	47	–
Tax payable	3,743	6,097	7,053
Total current liabilities	37,596	55,282	96,138
NET CURRENT ASSETS	385,866	451,879	404,276
NON-CURRENT ASSETS			
Property, plant and equipment	4,965	4,750	4,471
Advance payments for property, plant and equipment and other intangible assets	927	192	–
Other receivables	703	1,276	868
Right-of-use assets	9,980	26,063	9,018
Other intangible assets	444	205	1,152
Investment in associates	–	–	184
Deferred tax assets	370	2,560	916
Total non-current assets	17,389	35,046	16,609
NON-CURRENT LIABILITIES			
Lease liabilities	7,329	22,300	4,974
Total non-current liabilities	7,329	22,300	4,974

SUMMARY

We had net current asset positions as at 31 December 2019, 2020 and 2021, which were primarily attributable to our large balance of cash and cash equivalents, financial assets at fair value through profit or loss, and trade and notes receivables, partially offset by our other payables and accruals, which were mainly payroll payables and contract liabilities representing short-term advances received before the services are rendered. Our net current assets decreased by approximately RMB47.6 million from approximately RMB451.9 million as at 31 December 2020 to approximately RMB404.3 million as at 31 December 2021, primarily due to our dividend declaration and payment of RMB120.1 million in 2021.

Selected Data from the Consolidated Statements of Cash Flows

During the Track Record Period, we funded our cash requirements principally from cash generated from operating activities and capital contribution from shareholders.

The following table sets forth a summary of our cash flows for the years indicated.

	For the year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows from operating activities	57,844	61,598	60,020
Net cash flows used in investing activities	(180,558)	(166,559)	(9,469)
Net cash flows (used in)/from financing activities	(4,053)	103	(132,410)
Net increase/(decrease) in cash and cash equivalents	(126,767)	(104,858)	(81,859)
Cash and cash equivalents at beginning of year	347,402	220,635	115,778
Effect of foreign exchange rate changes, net	–	1	36
Cash and cash equivalents at end of year	<u>220,635</u>	<u>115,778</u>	<u>33,955</u>

Net cash flows from operating activities primarily comprised our profit before tax for the year adjusted by interest paid, income tax paid, non-cash and non-operating items, such as depreciation and bank interest income, and adjusted by changes in working capital, such as trade and notes receivables and other payables and accruals. We recorded steady net cash flows from operating activities for the years ended 31 December 2019, 2020 and 2021, of RMB57.8 million, RMB61.6 million and RMB60.0 million. Our net cash flows used in investing activities had decreased from approximately RMB166.6 million for the year ended 31 December 2020 to approximately RMB9.5 million for the year ended 31 December 2021, which was primarily because we reduced our purchase of wealth management products issued by commercial banks in the PRC as part of our treasury management. For the year ended 31 December 2021, net cash used in financing activities was approximately RMB132.4 million, which was mainly attributable to (i) a dividend payment of approximately RMB120.1 million; (ii) a payment for listing expenses of RMB4.7 million; and (iii) the net effect of approximately RMB1.3 million resulting from (a) a deemed distribution to certain then shareholders of Sinohealth Information of approximately RMB185.5 million for repurchases of the entire interests they held in Sinohealth Information under the reduction of registered capital for Sinohealth Information as part of the Reorganization; and (b) an issue of shares of the Company of approximately RMB184.2 million. See “History, Reorganization and Corporate Structure—Reorganization—Onshore Reorganization—Reduction of Registered Capital of Sinohealth Information” in this prospectus.

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For discussion of our liquidity and capital resources, see “Financial Information—Liquidity and Capital Resources” in this prospectus.

SUMMARY OF KEY FINANCIAL RATIOS

	As at/For the year ended 31 December		
	2019	2020	2021
Current ratio ⁽¹⁾	11.3	9.2	5.2
Quick ratio ⁽²⁾	11.2	9.2	5.2
Return on total assets ⁽³⁾	12.3%	12.0%	13.9%
Return on equity ⁽⁴⁾	14.2%	14.7%	18.9%
Gearing ratio ⁽⁵⁾	11.3%	16.7%	24.3%
Net profit margin ⁽⁶⁾	30.6%	32.3%	22.2%

Notes:

- (1) Current ratio is calculated by dividing total current assets by total current liabilities as at the end of each year.
- (2) Quick ratio is calculated by dividing total current assets less inventories by total current liabilities as at the end of each year.
- (3) Return on total assets is calculated by dividing profit for the year by the total assets at the end of each year.
- (4) Return on equity is calculated by dividing profit attributable to owners of our Company for the year by the total equity attributable to owners of our Company at the end of each year.
- (5) Gearing ratio is calculated by dividing total liabilities by total equity as at the end of the relevant year.
- (6) Net profit margin is equal to net profit divided by total revenue for the year.

Our current ratio was approximately 11.3, 9.2 and 5.2 as at 31 December 2019, 2020 and 2021, respectively. Our current ratio decreased from 11.3 as at 31 December 2019 to 9.2 as at 31 December 2020, primarily due to an increase by RMB10.4 million in our other payables and accruals in relation to payroll payables and contract liabilities as a result of increases in number of employees and average employee benefits and our signed contracts for Data Insight Solutions and SaaS products to be delivered in the following year. Our current ratio decreased to 5.2 as at 31 December 2021, primarily due to our dividend declaration and payment of RMB120.1 million in 2021. For the years ended 31 December 2019, 2020 and 2021, our net profit margin was approximately 30.6%, 32.3% and 22.2%, respectively. Our net profit margin decreased to 22.2% for the year ended 31 December 2021, primarily due to the listing expenses incurred, the introduction of certain solutions with lower margins within Data Insight Solutions, and the Reorganization leading to a higher effective tax rate in 2021.

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CERTAIN OPERATING DATA

The following table presents certain of our operating data for the years indicated:

	For the years ended		
	2019	2020	2021
Total number of corporate clients	630	702	918
Data Insight Solutions			
Number of corporate clients	220	227	257
Number of corporate clients contributing revenue of more than RMB300,000 ⁽¹⁾	60	63	87
Data-driven Publications and Events			
Number of corporate clients	311	328	429
Number of corporate clients contributing revenue of more than RMB300,000 ⁽²⁾	70	85	118
Number of events	36	86	58
SaaS			
Number of corporate clients	226	283	432

Notes:

- (1) Revenue generated from those Data Insight Solutions corporate clients contributing more than RMB300,000 accounted for over 87% of the revenue for the Data Insight Solutions segment for each of the year during the Track Record Period.
- (2) Revenue generated from those Data-driven Publications and Events corporate clients contributing more than RMB300,000 accounted for over 82% of the revenue for the Data-driven Publications and Events segment for each of the year during the Track Record Period.

DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend 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 calculated according to PRC accounting principles. PRC laws also require a foreign-invested enterprise 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.

The amount of dividend actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements, contractual restrictions and any other conditions that our Directors may deem relevant and will be subject to approval of our Shareholders. Our Board has the absolute discretion to recommend any dividend. As advised by our Cayman Islands counsel, under Cayman Islands law, a Cayman Islands Company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be declared or paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Investors should not purchase our Shares with the expectation of receiving cash dividends.

No dividend had been declared and paid by us for the years ended 31 December 2019 and 2020. On 27 January 2021, Sinohealth Information declared and approved a dividend of approximately RMB120.1 million to its then shareholders, which was paid in 2021. We currently do not intend to recommend dividends for distribution to our Shareholders in the foreseeable future.

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GLOBAL OFFERING

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

- a) the Hong Kong Public Offering of initially 7,500,000 Shares (subject to reallocation) for subscription by the public in Hong Kong; and
- b) the International Offering of an aggregate of, initially, 67,500,000 Shares (subject to reallocation and the Over-allotment Option) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S.

The Offer Shares will represent 16.7% of the issued share capital of the Company immediately following the completion of the Global Offering without taking into account the exercise of the Over-allotment Option and assuming the options which may be granted under the Share Option Scheme are not exercised.

RECENT DEVELOPMENTS

Subsequent to the Track Record Period and up to the Latest Practicable Date, China's healthcare insight solutions industry had not experienced material and adverse changes. Our business continued to grow and we strived to enhance our market position. Our business segments and cost structure remained stable. We continued to invest in our research and development of big data and AI technologies, supporting our different business segments with a strategic focus on SaaS products. Our unaudited revenue for the four months ended 30 April 2022 decreased as compared to the same period in 2021, due to the decrease in our revenue generated from our Data-driven Publications and Events as we postponed our 2022 Merchandise Trading Event from March to the end of May, while such event was held in March in 2021. However, for each of our Data Insight Solutions and SaaS segments, we recorded an increase in revenue during the same period. We retained existing clients and also attracted new clients for growth of our business when comparing those periods. Based on our preliminary review of the Group's operating data, with a specific focus on the Group's key business segments:

- **Data Insight Solutions.** Within our Data Insight Solutions segment, as at 30 April 2022, we had 96 and 90 backlog contracts that had been entered into but not completed with a total outstanding contract value of approximately RMB68.1 million and RMB32.3 million for our Growth and Investment Decision Solutions and Data-driven Marketing Solutions, respectively, among which, approximately a total of RMB86.9 million are expected to be recognized as our revenue for the year ending 31 December 2022. We covered a total of 110 corporate clients through these backlog contracts.
- **Data-driven Publications and Events.** We held our 2022 Merchandise Trading Event at the end of May 2022. The number of attendees for 2022 had dropped as compared to that in 2021 due to travel restrictions and lockdown measures implemented by certain regional governments in response to the spread of COVID-19 cases. Therefore, we may plan to hold another Merchandise Trading Event in the second half of 2022 to satisfy the demands of those who were unable to attend such event at the end of May.
- **SaaS.** Our SaaS business continued to grow with our enhanced capabilities, market recognition, marketing efforts and cross-selling opportunities. As at 30 April 2022, we had 163 backlog contracts that had been entered into but not completed for our SaaS products with a total outstanding contract value of approximately RMB14.1 million, among which, approximately RMB13.3 million are expected to be recognized as our revenue for the year ending 31 December 2022. We covered a total of 127 corporate clients through these backlog contracts.

Subsequent to the Track Record Period, we expect to continue to incur non-recurring listing expenses in 2022, which will have a negative impact on our profit and financial performance in 2022. In addition, we expect our overall operational costs to increase as we incur additional employee benefit expenses, marketing expenses and research and development expenses to support the implementation of our expansion plan as detailed in the section "Future Plans and Use of Proceeds" in this prospectus. Such increases in our expenses may not generate the corresponding growth in revenue as we anticipate, or any potential revenue growth attributable to our expansion plan may be delayed, which, in each case, may also result in a negative impact on our profit and financial performance in 2022.

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Our Directors confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial, operating or trading conditions since 31 December 2021, being the end date of the periods reported on in the Accountants' Report included in Appendix I to this prospectus.

Recent Regulatory Developments

Regulatory Development of Cyber Security and Cyber Data Security

Recently, the PRC governmental authorities have promulgated, among others, the PIP Law and Data Security Law to ensure cybersecurity, data and personal information protection, which demonstrates that relevant laws and regulations governing such areas are developing towards tightening of relevant regulatory supervision. Specifically, on 28 December 2021, the CAC, jointly with other 12 governmental authorities promulgated the CAC Measures II. Subsequently, on 4 January 2022, the CAC published the full text of the CAC Measures II on its official website. The CAC Measures II has come into force and replaced the CAC Measures since 15 February 2022. On 14 November 2021, the CAC promulgated the Draft CAC Regulations. See “Regulatory Overview—Regulations on Healthcare Big Data and Information Security and Data Privacy—Information Security and Data Privacy” and “Risk Factors—Risks Relating to our Business and Our Industry—Failure to comply with or adapt to changes in data protection, privacy and similar laws or introduction of data tax in China may materially and adversely affect our business and financial conditions.” in this prospectus.

CAC Measures II

Pursuant to Article 7 of the CAC Measures II, online platform operators which possess personal information of more than one million users will be required to apply to the CAC for a cybersecurity review in the event of a “foreign (國外) listing”. The CAC Measures II does not provide the interpretation or explanation of “online platform operators”. However, our Directors and our PRC Legal Advisers are of the view that our Group does not possess personal information of more than one million users because (i) we confirm that the member information we collected from our SIC users has been de-identified and cannot be linked to or cause a particular individual to be identifiable or be restored by us. See “Business—Our Technologies and Big Data—Big Data—Data Security and Privacy”; and (ii) the number of our Healthcare Link users is far less than one million although we collect certain personal information of Industry Events participants through the Healthcare Link. The CAC Measures II also provides no interpretation or explanation of “foreign (國外) listing”, however, given that (i) according to the Exit and Entry Administration Law of the PRC (《中華人民共和國出入境管理法》), Hong Kong is not a country or region outside of the PRC; and (ii) according to the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (《中華人民共和國香港特別行政區基本法》), Hong Kong is an inalienable part of the PRC, in the event that there is no special explanation for Hong Kong to be included in the scope of “foreign (國外) countries” in the future, our PRC Legal Advisers are of the view that, even if we are regarded as an online platform operator which possesses more than one million users' personal information, our Listing in Hong Kong is unlikely to result in our obligation to proactively apply for cybersecurity review according to the Article 7 of CAC Measures II. Therefore, our Directors are of the view that the Article 7 of the CAC Measures II will not have any material adverse effect on our Listing.

Furthermore, pursuant to Article 2 of the CAC Measures II, critical information infrastructure operators that intend to purchase internet products and services and online platform operators engaging in data processing activities, that affect or may affect national security, must be subject to the cybersecurity review. The CAC Measures II further elaborates on the factors to be considered when assessing the national security risks of the relevant objects or situations, see “Regulatory Overview—Regulations on Healthcare Big Data and Information Security and Data

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Privacy—Information Security and Data Privacy” in this prospectus. Additionally, the CAC Measures II also grants the CAC and other competent authority the right to initiate the cybersecurity review without application, if any member organization of the cybersecurity review mechanism has reason to believe any internet products, services or data processing activities affect or may affect national security. The PRC government authorities may have wide discretion in the interpretation of “affect or may affect national security”. As at the date of this prospectus, (i) we had not carried out business outside of the PRC through any overseas entities, nor had we provided any personal information outside of the PRC; (ii) we had not been determined or identified as a “critical information infrastructure operator” by any governmental authorities; (iii) we had not experienced any material data security incident; (iv) we had complied with personal information protection and data security requirements as requested by PIP Law and Data Security Law in all material aspects; (v) we had not been involved in any investigations on cybersecurity review made by the CAC, the CSRC or any other relevant governmental authority, and we had not received any inquiry, notice, warning, or sanctions in respect of any such recently promulgated laws, regulations or polices; (vi) as advised by our PRC Legal Advisers, considering each circumstance set forth in Article 10 of the CAC Measures II, the likelihood of our data processing activities as at the Latest Practicable Date to be regarded as having the effect or may affect national security is low under Article 10 of the CAC Measures II, our Directors confirm that, after consulting the view of our PRC Legal Advisers, we had not engaged in any activities that may give rise to any national security risks, based on the factors set out in Article 10 of the CAC Measures II during the Track Record Period and up to the Latest Practicable Date; and (vii) we had undertaken that if any of our activities is subject to a cybersecurity review in the future, we will actively cooperate with the CAC to conduct such cybersecurity review. Based on the above, our PRC Legal Advisers are of the view that, in the event that we are subject to the cybersecurity review and we have fulfilled the application, review process and other applicable obligations accordingly, we will comply with the relevant requirements in all material aspects.

Taking into account the above, our Directors are of the view that the CAC Measures II will not cause any material adverse impact on our business operations, financial performance or our Listing; and our PRC Legal Advisers are of the view that the CAC Measures II would not constitute any material legal impediment to our business operations and our Listing as at the date of this prospectus.

Draft CAC Regulations

According to the Draft CAC Regulations, data processors shall, in accordance with relevant state provisions, apply for cybersecurity review when carrying out certain activities, including when the data processor intends to be listed in Hong Kong, which affects or may affect national security. However, the Draft CAC Regulations and current PRC laws and regulations provide no further explanation or interpretation for “affects or may affect national security”. As advised by our PRC Legal Advisers, the PRC government authorities may have wide discretion in the interpretation of “affects or may affect national security”. Given that, as at the date of this prospectus, (i) the Draft CAC Regulations had been published for comments recently but had not yet formally come into force and the contents are subject to change; (ii) the Directors confirm that we had not engaged in any data processing activities that affect or may affect national security and thus we were unlikely to be deemed as a data processor that affect or may affect national security; and (iii) we had not been involved in any investigations on cybersecurity review made by the CAC, the CSRC or any other relevant governmental authority on such basis and not received any inquiry, notice, warning, or sanctions in such respect, our PRC Legal Advisers are of the view that Draft CAC Regulations are unlikely to result in our obligation to proactively apply for cybersecurity review as at the date of this prospectus.

The Draft CAC Regulations also stipulate other detailed requirements in respect of the data processing activities conducted by data processors. Assuming the Draft CAC Regulations become effective in their current form entirely in the future, subject to further implementation

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details, guidance or clarification of the Draft CAC Regulations, our PRC Legal Advisers are of the view that they do not foresee any material impediment for us to take measures to comply with the Draft CAC Regulations in all material aspects, and the Draft CAC Regulations would not constitute any material legal impediment to our business operations and our Listing as at the date of this prospectus on the basis that, as at the date of this prospectus, (i) we had complied with personal information protection and data security requirements as requested by PIP Law and Data Security Law in all material aspects, through the implementation of comprehensive internal policies and measures. See “Business—Big Data—Data Security and Privacy” and “Business—Big Data—View of our PRC Legal Advisers” in this prospectus; (ii) we had further enhanced our internal policies and measures and conducted cyber and data security training for our senior management and relevant employees in preparation for the potential implementation of the Draft CAC Regulations, especially for those in relation to the personal data processing and storage, and data security incidents management; (iii) no administrative penalties or investigation conducted by relevant competent authorities were imposed on us due to data processing or data protection; (iv) there were no occurrence of material data security incidents; (v) our Directors had confirmed that they did not foresee any material impediment for us to comply with all the applicable obligations of training, record, evaluation, review, audit, filing and etc. pursuant to the current Draft CAC Regulations; and (vi) we had undertaken that we will continuously pay close attention to latest regulatory developments of data security regulations in the PRC, actively maintain communication with relevant competent authorities, take all necessary measures to fulfill applicable obligations required by Draft CAC Regulations and other applicable laws, regulations and rules to ensure timely compliance with the latest regulatory requirement and implement all necessary measures to ensure continuous regulatory compliance with relevant laws and regulations.

We have obtained a confirmation from the Guangzhou Cyberspace Administration (廣州市互聯網信息辦公室) (the “**Guangzhou CAC**”) in December 2021, which acknowledged its awareness of our intention of the Listing and confirmed that Sinohealth Information, Guangzhou Xinkang and WFOE were not subject to any penalties in relation to the cyber information security or the cyber operation security by the Guangzhou CAC.

In January and February 2022, via the hotline published on the official website of the CAC, we and our PRC Legal Advisers had verbal consultations with the department on behalf of CAC Office of Cyber Security Review, namely, China Cybersecurity Review Technology and Certification Center (the “**CCRTCC**”). During the verbal consultations, the CCRTCC confirmed that (i) the Draft CAC Regulations were still in the draft form for comments and had not yet come into force; (ii) only “foreign (國外) listing” is required to proactively apply for cybersecurity review according to the CAC Measures II; and (iii) listing in Hong Kong does not fall within the scope of “foreign (國外) listing”. Given that (i) pursuant to the Reply to Reporters’ Questions by the CAC Responsible Officers (網絡安全審查辦法答記者問) in January 2022, CCRTCC is on behalf of CAC Office of Cyber Security Review and responsible for accepting applications for cybersecurity review and responding to public’s inquiries; (ii) the official was consulted via the hotline published on the official website of the CAC, which is designated by the CAC to respond to the general public’s inquiries, our PRC Legal Advisers are of the view that CCRTCC is the competent authority and the official we consulted has the appropriate authority to represent the CAC in providing the guidance.

Taking into account the above, our Directors are of the view that the Draft CAC Regulations are unlikely to have material adverse impacts on our Group’s business operations, financial performance or our Listing in Hong Kong and should not affect our on-going compliance with applicable laws and regulations in any material aspects.

Based on the facts and analysis mentioned above and the due diligence conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would cause it to cast doubt on the reasonableness of the Company’s and our PRC Legal Advisers’ views on the CAC Measures II and Draft CAC Regulations as disclosed above.

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Regulatory Development of Overseas Listing

Drafts relating to Overseas Listings

On 24 December 2021, the CSRC published the Administrative Provisions of the State Council on the Overseas Issuance and Listing of Securities by Domestic Enterprises (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草稿徵求意見稿)》) (the “**Draft Administrative Provisions**”), and the Administrative Measures for Record-filings of the Overseas Issuance and Listing of Securities by Domestic Companies (Draft for Comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》) (the “**Draft Measures for Record-filings**”), together with the Draft Administrative Regulations, the “**Drafts relating to Overseas Listings**”), which are open for public comments until 23 January 2022. Pursuant to the Drafts relating to Overseas Listings, PRC domestic enterprises that directly or indirectly offer or list their securities in an overseas market are required to file with the CSRC within three business days after submitting their listing application documents to the relevant regulator in the place of intended listing. The Drafts relating to Overseas Listings also stipulate certain circumstances in which overseas listing should not be allowed. See “Regulatory Overview—Regulations on M&A Rules and Overseas Listing” in this prospectus. The Drafts relating to Overseas Listings have not yet come into force, their contents may be subject to further clarification and change, therefore, as advised by our PRC Legal Advisers, we are not required to complete filing procedures with CSRC under the Drafts relating to Overseas Listings as at the date of this prospectus.

In addition, according to the “Reply to the Reporters’ Question by the CSRC Responsible Officers” (證監會有關負責人答記者問) dated 24 December 2021, the CSRC clarified that it adheres to the principle of non-retroactivity of the law, and it emphasizes that the companies applying for listing (增量企業) and the listed companies (存量企業) with refinancing activities should perform the filing procedure. When the relevant rules are officially released and implemented, the CSRC will also formulate and publish filing guidelines to provide further details, so as to ensure that the market has a clear and definite basis of rules for filing purposes.

If the Drafts relating to Overseas Listings as currently drafted become effective after we have been listed successfully, given that we will be a listed company (存量企業) at that time, the PRC Legal Advisers are of the view that the filing procedure under Article 5 of the Draft Measures for Record-filing will not be applicable to us.

However, the Drafts relating to Overseas Listings provide no further explanation or interpretation on whether companies which have submitted their listing application but have not been listed successfully should be required to fulfill filing procedures accordingly.

If the Drafts relating to Overseas Listings as currently drafted become effective prior to our Listing and we are subject to the filing obligation accordingly even if we have already submitted the listing application to the Stock Exchange, our PRC Legal Advisers advised that we shall fulfill applicable obligations in accordance with the effective Drafts relating to Overseas Listings. Meanwhile, (i) as at the date of this prospectus (a) we had not received any decision, inquiry, notice, warning or sanction from competent authorities that national security will be threatened or endangered as a result of our Listing; (b) we had not been involved in any material ownership disputes in relation to the equity, major assets and key technologies, etc.; (c) none of us, our controlling shareholders or ultimate controllers had committed any crime of corruption, bribery, appropriation or misappropriation of property, or disturbance of the order of the socialist market economy in the past three years; (d) none of us, our controlling shareholders or ultimate controllers had been involved in any investigation due to any criminal behaviors or material non-compliance in the past three years; and (e) none of our directors, supervisors, senior management had been imposed on any serious administrative penalties or involved in any investigation due to any criminal behaviors or material non-compliance in the past three years; (ii) we had not been subject to any material administrative penalties as at the date of this prospectus; and (iii) we will continuously pay close attention to the Drafts relating to Overseas Listings and other legislative and regulatory development in overseas listing, and implement all necessary measures in a timely manner to ensure continuous compliance with relevant laws and

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regulations, and after consulting with the PRC Legal Advisers as to the filing requirements, our Directors are of the view that there is no material impediment for us to comply with the Drafts relating to Overseas Listings in all material aspects.

Negative List

The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021 Version) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the “**Negative List**”), which was promulgated by the NDRC and the MOFCOM on 27 December 2021, replaced previous negative list. According to the Article 6 of the Negative List, for domestic enterprises engage in business sectors prohibited from foreign investment under the Negative List, the overseas offering, listing and trading of their shares shall be subject to the review and approval of the relevant competent departments of the State, and overseas investors shall not participate in enterprises’ operation and management and their shareholding ratio shall be subject to the relevant provisions on the administration of domestic securities investment by overseas investors. According to the explanation provided by the NDRC, the scope of application of Article 6 of the Negative List is limited to the direct listing of domestic enterprises engaged in businesses in areas prohibited from investment in the Negative List. See “Regulatory Overview—Regulations on Corporation and Foreign Investment” in this prospectus.

Based on the above explanation of the NDRC and subject to any further explanation or interpretation by the NDRC to the otherwise, our PRC Legal Advisers are of the view that the Article 6 of the Negative List (including the requirement of overseas investors’ shareholding ratio) does not apply to our Listing as at the date of this prospectus.

In addition, there had been no mandatory laws and regulations that prohibit companies which engage in business sectors prohibited from foreign investment under the Negative List and adopted the VIE structure from future fund raising as at the date of this prospectus. Therefore, our PRC Legal Advisers advise that the Negative List does not prohibit our future fund raising as at the date of this prospectus.

Our Directors confirm that as at the date of this prospectus, we had not received any decision, inquiry, notice, warning, sanction or any regulatory objection to our Listing from any PRC authorities (including the CSRC) with respect to our listing plan or our Contractual Arrangements.

In light of the above, our Directors are of the view that our Contractual Arrangements do not violate any current applicable PRC laws and regulations.

Taking into account the above, our Directors are of the view that (i) the Drafts relating to Overseas Listings and Article 6 of the Negative List will not have any material adverse impact on our Group’s operations and the Contractual Arrangements will not constitute a legal obstacle to our Listing as at the date of this prospectus; and (ii) our Contractual Arrangements are expected to remain compliant in all material respects with applicable laws and regulations after the Drafts relating to Overseas Listings as currently drafted come into effect.

Draft Provisions on the Confidentiality and Archives Administration

On 2 April 2022, the CSRC published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (Drafts for Comments) (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定(徵求意見稿)》) (the “**Draft Provisions on the Confidentiality and Archives**”) for public comments. Pursuant to the Draft Provisions on the Confidentiality and Archives, for domestic joint-stock enterprises listed on the overseas markets via direct offering, or domestic operational entities of enterprises listed on the overseas markets via indirect offering (the “**Domestic Enterprises**”), they should fulfill relevant approval and/or filing procedures and/or relevant procedures stipulated by applicable national regulations if they either directly or through its overseas listing entity, publicly disclose or provide relevant entities or individuals including securities companies, securities service providers, and overseas regulators (the “**Relevant Entities**”), with documents and materials that contain state secrets or government work secrets, or those if divulged, will jeopardize national security or public interest (“**Confidential**

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Documents”). See “Regulatory Overview—Regulations on M&A Rules and Overseas Listing” in this prospectus. The Draft Provisions on the Confidentiality and Archives has not yet formally promulgated, it is uncertain when it will be issued and take effect, how it will be enacted, interpreted and implemented.

Assuming the Draft Provisions on the Confidentiality and Archives becomes effective in its current form entirely in the future, subject to the further implementation details, guidance or clarification, given that (i) our Directors confirm that we did not have any aforesaid Confidential Documents as at the date of this prospectus; (ii) even if we have any Confidential Documents in the future, we undertake that before we publicly disclose or provide to any Relevant Entities, we will take all necessary steps to fulfill relevant approval and/or filing and/or other necessary procedures as required by the Draft Provisions on the Confidentiality and Archives; and (iii) we have established internal policies of confidentiality and archive administration, and will adjust and enhance it and take all other necessary measures in a timely manner to ensure compliance with the Draft Provisions on the Confidentiality and Archives and other applicable laws and regulations, our Directors are of the view that the Draft Provisions on the Confidentiality and Archives is unlikely to have material adverse impacts on our Group’s business operations, financial performance or our Listing in Hong Kong and should not affect our on-going compliance with applicable laws and regulations in any material aspects.

Impact of the COVID-19 Outbreak

Since December 2019, a novel strain of coronavirus, later named COVID-19, has severely impacted China and many other countries and the global economy. In response, governments around the world including the PRC Government implemented measures to combat the pandemic such as lockdowns, travel restrictions, closure of workplaces and facilities, quarantines and other related measures. COVID-19 has also caused temporary disruptions to our business operations. For example, the travel restrictions in 2020 meant our employees’ business trips had to be temporarily postponed and prevented us from engaging with our clients through in-person meetings. Our Data-driven Publications and Events were also affected as certain in-person events and large-scale events had to be delayed, such as one Retail Sales Event in 2020, which was canceled and resulted in an estimated loss of approximately RMB5.0 million in revenue, and the 2020 Merchandise Trading Event, which was postponed from March to June of that year. We also recorded a decrease in revenue of approximately RMB10.4 million generated from our Data-driven Marketing Solutions, a subset of our Data Insight Solutions, for 2020 compared to 2019 in part due to a decrease in demand for our precision marketing, media content and training services and related sales as it was impacted by the spread of COVID-19 in China during the first half of 2020.

We recorded remarkably higher demand for our Industry Prospect Event in part because our clients were eager to obtain healthcare insight solutions under the COVID-19 pandemic and the upgraded components of our Industry Prospect Event were better received among our clients in 2020 and 2021 after our initial attempts in 2019. In addition, we launched our Inter-provincial and Regional Dynamic Sales Events and upgraded our other events in order to capture market opportunities under COVID-19 in China. In order to facilitate the recovery of the economy of the PRC from the outbreak of COVID-19 pandemic, the PRC Government implemented a series of policies to stimulate economic growth and for corporate relief in 2020. Pursuant to the applicable policies, we were entitled to social insurance premium exemptions and COVID-19-related rent concessions.

With quarantine and other measures taken by the PRC Government, there was a significant decrease in the number of existing confirmed COVID-19 cases in China after mid-February 2020 and domestic travel restrictions and other quarantine measures were gradually lifted for the rest of 2020 and in 2021. Economic activities began to recover nationwide since the second quarter of 2020. We have resumed normal and full operations since April 2020. As a result of government measures to combat COVID-19 cases, we held our 2021 Industry Prospect Event that was normally scheduled for August in September 2021. The 2021 Industry Prospect Event was larger in scale than that of 2020 with approximately 3,100 attendees and generated revenue of approximately RMB89.6 million. In response to domestic travel restrictions and other government measures, including city lockdowns, amidst a surge of COVID-19 cases in the first quarter of 2022, we also postponed the 2022 Merchandise Trading Event that was normally

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scheduled to be held in March to the end of May and have imposed precautionary measures such as “closed-loop management” as required by the local government to prevent the spread of COVID-19 infections during such event. We have also postponed other offline events, such as precision marketing campaigns launched in pharmacy stores, on-site training and other smaller scale events, and in particular those in Shanghai, which has recently seen more stringent measures implemented to combat the spread of COVID-19 cases, and have rearranged for some of these events to be held online instead with no material negative impacts. Due to travel restrictions, our employees have also opted for video conferencing with clients instead of business trips and meetings in person and we have not experienced any material negative impacts from any resulting complications or delays in providing our services.

Our Directors have carried out a holistic review of the impact of the COVID-19 on our operations and confirmed that as at the Latest Practicable Date, COVID-19 has not had any long-term material adverse impact on our operations. There are, however, still uncertainties with respect to the continued development of COVID-19 and its implications, and we will continue to assess the situation and to implement mitigating measures. We cannot guarantee that the outbreak of COVID-19 will not further escalate or have a material adverse effect on our business operations. See “Risk Factors—Risks Relating to Our Business and Our Industry—The COVID-19 pandemic presents challenges to our business and the effects of the pandemic could adversely affect our business, financial condition and results of operations.” in this prospectus.

OFFERING STATISTICS

The statistics in the following table are based on the assumptions that the Global Offering has been completed and 75,000,000 Shares are issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme).

	Based on an Offer Price of HK\$4.83 per Share, after Downward Offer Price Adjustment of 10%	Based on an Offer Price of HK\$5.36 per Share	Based on an Offer Price of HK\$6.96 per Share
Market capitalization of our Shares ⁽¹⁾	HK\$2,174 million	HK\$2,412 million	HK\$3,132 million
Unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of our Company per Share ⁽²⁾	HK\$1.79	HK\$1.87	HK\$2.14

Notes:

- (1) The calculation of market capitalization is based on 450,000,000 Shares expected to be in issue immediately following the completion of the Global Offering without taking into account any Shares which may be issued upon exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased under the general mandates for the allotment and issue or repurchase of the Shares.
- (2) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are calculated based on 450,000,000 Shares in issue immediately following the completion of the Global Offering without taking into account any Shares which may be issued upon exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased under the general mandates for the allotment and issue or repurchase of the Shares.

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LISTING EXPENSES

Our listing expenses mainly include underwriting fees and commissions and professional fees paid to legal, accounting and other advisers for their services rendered in relation to the Listing and the Global Offering. The estimated total listing expenses (based on the mid-point of the Offer Price range and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB57.2 million (HK\$66.6 million), which represents 14.4% of the gross proceeds from the Global Offering, and comprising (i) underwriting-related expenses, including underwriting commissions, trading fee and levy of RMB20.2 million (HK\$23.6 million); and (ii) non-underwriting-related expenses of RMB37.0 million (HK\$43.0 million), including (a) fees paid and payable to legal advisers and the Reporting Accountants of RMB26.3 million (HK\$30.6 million); and (b) other fees and expenses, including sponsor fees, of RMB10.7 million (HK\$12.4 million). RMB20.6 million (HK\$24.0 million) of listing expenses were charged to our consolidated statements of profit or loss and other comprehensive income during the Track Record Period. We estimate that we will incur further listing expenses of RMB36.6 million (HK\$42.6 million), of which RMB7.6 million (HK\$8.9 million) will be charged to our consolidated statements of profit or loss and other comprehensive income and the remaining amount of RMB29.0 million (HK\$33.7 million) is expected to be recognized directly as a deduction from equity upon the Listing.

USE OF PROCEEDS

Assuming an Offer Price of HK\$6.16 per Offer Share, we estimate that we will receive net proceeds of approximately HK\$395.4 million from the Global Offering after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering over the next four years for the purposes and in the amounts set forth below (based on the mid-point of the Offer Price range):

- Approximately 50.8%, or HK\$200.9 million, will be used primarily to upgrade and enhance our SaaS products (with a focus on Smart Decision Cloud, Smart Retail Cloud and Smart Medical Cloud), and their marketing and promotion; and
- Approximately 49.2%, or HK\$194.5 million, will be used primarily to conduct further research and development of our technology and data warehouse, and in particular for the following projects: a) our AI technologies, including our Big Data & AI Lab, our woodpecker medical cognition aPaaS and life science solution aPaaS, and b) the middleware for Sinohealth Engine.

See “Future Plans and Use of Proceeds” in this prospectus.

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“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 amended and restated articles of association of our Company conditionally adopted on 22 June 2022 and effective on the Listing Date, as amended or supplemented from time to time, a summary of which is set forth in Appendix III to this prospectus
“Audit Committee”	the audit committee of our Board
“Beijing Sinohealth”	Beijing Zhongkang Tongrun Technology Co., Ltd. (北京中康通潤科技有限公司), a limited liability company established in the PRC on 26 November 2021, which is held as to 20% by Mr. Wang Mengliang (王夢良), an employee of our Group, 70% by WFOE and 10% by Guangzhou Ruishu, and an indirect non wholly-owned subsidiary of our Group
“Big Data & AI Lab”	one of our research and development teams focusing on big data and AI technologies
“BNP Paribas” or “Sole Sponsor” or “Sole Representative” or “Stabilizing Manager”	BNP Paribas Securities (Asia) Limited, a licensed corporation under the SFO and permitted to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activity as defined under the SFO, acting as the sole sponsor to the Listing
“Board”	the board of Directors
“business day” or “Business Day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAC”	Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)
“CAC Measures”	the Measures for Cybersecurity Review (《網絡安全審查辦法》) jointly promulgated by the CAC and ten other government departments on 13 April 2020, and took effect on 1 June 2020

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“CAC Measures II”	the revised Measures for Cybersecurity Review (《網絡安全審查辦法》) jointly promulgated by the CAC and 12 other government departments on 28 December 2021, which took effect and replaced the CAC Measures on 15 February 2022
“Capitalization Issue”	the issue of 370,000,000 Shares to be made upon capitalization of certain sums standing to the credit of the share premium account of our Company which is set forth in the section headed “Statutory and General Information—A. Further Information about our Company and its Subsidiaries—3. Written Resolutions of all the Shareholders passed on 27 April 2022 and 22 June 2022” in Appendix IV to this prospectus
“Cayman Companies Act” or “Companies Act”	the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, modified and supplemented from time to time
“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 clearing 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 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 Clearing Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by (a) 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 Offer Shares on your behalf, or (b) (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 (following the procedures contained 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 form

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“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 Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“chain pharmacy”	a pharmacy retail chain generally consisting of ten or more retail stores
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“CHIS”	Chinese Health Industry Intelligence Information System, one of our SaaS products that provides data insights mainly based on drug information analytics
“Circular 13”	the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for Foreign Exchange Administration for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by SAFE on 13 February 2015 and effective from 1 June 2015
“Circular 37”	the Circular of the State Administration of Foreign Exchange on Issues Concerning Foreign Exchange Administration Over the Overseas Investment and Financing and Round-Trip Investment by Domestic Residents via Special Purpose Vehicles (國家外匯管理局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) promulgated by SAFE on 4 July 2014 and effective from the same date
“CIT Law”	the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) promulgated on 16 March 2007 and amended on 24 February 2017 and 29 December 2018
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“CMH”	cooperation under the CMH Cooperation Agreements

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“CMH Cooperation Agreement(s)”	the agreements with retail pharmacies in the PRC in respect of data cooperation arrangements. Under the agreements, retail pharmacies provide, on a monthly basis retail data, while we provide our data insights and reports to the retail pharmacies in return
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified and 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, modified and supplemented from time to time
“Company” or “our Company”	Sinohealth Holdings Limited (中康控股有限公司) (formerly known as Sinohealth Technology Holdings Limited (中康科技控股有限公司)), an exempted company with limited liability incorporated in the Cayman Islands on 4 March 2019, and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 7 July 2021
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entities”	the entities we will control through the Contractual Arrangements after the Reorganization, namely Sinohealth Information and its subsidiaries, being Sinohealth Junyi, Guangzhou Jiasi, Sinohealth Jianshu, Guangzhou Xinkang, Guangzhou Xinyi, Guangzhou Xinshun, Jiangxi Xinshun, Guangzhou Zhuomuniao, Hainan Sinohealth, Guangzhou Junyi and Sinohealth Tong
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, WFOE, Sinohealth Information and its subsidiaries, the VIE Shareholders and the Other VIE Shareholders, as applicable, on 8 June 2021 and 6 May 2022, the details of which are described in the section headed “Contractual Arrangements” in this prospectus
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and, in the context of this prospectus, refers to Wellmark BVI, WLF BVI, Rikan LLP, Mr. Wu and Ms. Wang
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules, as amended, supplemented or otherwise modified from time to time

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“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
“Data Security Law”	the Data Security Law of the PRC (《中華人民共和國數據安全法》) promulgated by the SCNPC on 10 June 2021, and took effect on 1 September 2021
“Deed of Indemnity”	the deed of indemnity dated 27 April 2022 entered into by our Controlling Shareholders in favor of our Company (for itself and as trustee for each of its subsidiaries) to provide certain indemnities, further information on which is set forth in the section headed “Statutory and General Information—D. Other Information—2. Estate Duty, Tax and Other Indemnity” in Appendix IV to this prospectus
“Director(s)”	the director(s) of our Company
“Downward Offer Price Adjustment”	an adjustment that has the effect of setting the final Offer Price up to 10% below the bottom end of the indicative Offer Price range
“Draft CAC Regulations”	the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) promulgated by the CAC on 14 November 2021
“eWhite Form”	the application for Hong Kong Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of the eWhite Form Service Provider at www.ewhiteform.com.hk
“eWhite Form Service Provider”	the eWhite Form Service Provider designated by our Company, as specified on the designated website at www.ewhiteform.com.hk
“Extreme Conditions”	extreme conditions caused by super typhoons, including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons, as announced by the government of Hong Kong
“FIL”	the Foreign Investment Law of the PRC (中華人民共和國外商投資法)
“FRC”	Financial Reporting Council

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“Global Offering”	the Hong Kong Public Offering and the International Offering
“governmental authority”	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
“ GREEN Application Form(s)”	the application form(s) to be completed by the eWhite Form Service Provider
“Group”, “our Group”, “we” or “us”	our Company, our subsidiaries and the Consolidated Affiliated Entities (the financial results of which have been consolidated and accounted for as the subsidiaries of our Company by virtue of the Contractual Arrangements), or any of them at the relevant point of time or, where the context so requires, in respect of the period before our Company becoming the holding company of its present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“Guangzhou Jiasi”	Guangzhou Jiasi Information Technology Company Limited (廣州嘉思信息科技有限公司), a limited liability company established in the PRC on 22 May 2019, which is directly held as to 100% by Sinohealth Information, and deemed to be an indirect wholly-owned subsidiary of our Group pursuant to the Contractual Arrangements
“Guangzhou Jisi”	Guangzhou Jisi Digital Technology Company Limited (廣州吉思數字科技有限公司), a limited liability company established in the PRC on 22 May 2019, which is held as to 75% and 25% by WFOE and Mr. Tang (the chief technology officer of our Group), respectively, and an indirect non wholly-owned subsidiary of our Group

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“Guangzhou Junyi”	Guangzhou Junyi Consulting Partnership Enterprise (LLP) (廣州君宜諮詢合夥企業(有限合夥)), a limited partnership enterprise established in the PRC on 9 January 2020, the general partner of which is Sinohealth Information holding 40% interests, and the remaining one limited partner of which is Mr. Cao Chengzhi (曹承志), an employee of our Group, holding 60% interests. It will apply for deregistration after Sinohealth Tong (the investee company of Guangzhou Junyi) being deregistered, and upon deregistration, Guangzhou Junyi will cease to be our Group company
“Guangzhou Kangpu”	Guangzhou Kangpu Corporate Consulting Company Limited (廣州康普企業諮詢有限公司), a limited liability company established in the PRC on 10 March 2020, which ceased to be our Group company upon deregistration on 11 August 2021
“Guangzhou Kangyang”	Guangzhou Kangyang Network Technology Company Limited (廣州康揚網絡科技有限公司), a limited liability company established in the PRC on 17 May 2017, which ceased to be our Group company upon deregistration on 11 August 2021
“Guangzhou Kangzhi”	Guangzhou Kangzhi Digital Technology Company Limited (廣州康智數字科技有限公司), a limited liability company established in the PRC on 13 November 2020, which is held as to 70% and 30% by WFOE and Mr. Mao Zhiqi (毛之奇) (an Independent Third Party save for his investment in such company), respectively, and an indirect non wholly-owned subsidiary of our Group
“Guangzhou Maizhi”	Guangzhou Maizhi Network Technology Company Limited (廣州邁智網絡科技有限公司), a limited liability company established in the PRC on 23 September 2014, which ceased to be our Group company upon deregistration on 29 June 2018
“Guangzhou Rilang”	Guangzhou Rilang Consulting Partnership Enterprise (LLP) (廣州日朗諮詢合夥企業(有限合夥)), a limited partnership enterprise established in the PRC on 6 January 2020, the general partner of which was Guangzhou Xinyi holding 90% interests, and the limited partner of which was Sinohealth Information, holding 10% interests, which ceased to be our Group company upon deregistration on 16 August 2021

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“Guangzhou Ruishu”	Guangzhou Ruishu Consulting Partnership (LLP) (廣州睿數諮詢合夥企業(有限合夥)), a limited partnership enterprise established in the PRC on 28 October 2021, the general partner of which is Hainan Sinohealth Lian holding 40% interests, and the remaining one limited partner of which is Mr. Cao Chengzhi (曹承志), an employee of our Group, holding 60% interests, and a non wholly-owned subsidiary of our Group
“Guangzhou Sinohealth Lian”	Guangzhou Sinohealth Lian Health Management Technology Company Limited (廣州中康聯健康管理科技有限公司), a limited liability company established in the PRC on 30 March 2017, which ceased to be our Group company upon deregistration on 14 August 2021
“Guangzhou Xinkang”	Guangzhou Xinkang Information Technology Company Limited (廣州心康信息科技有限公司), a limited liability company established in the PRC on 14 November 2016, which is directly held as to 94% by Sinohealth Information, and deemed to be an indirect and non wholly-owned subsidiary of our Group pursuant to the Contractual Arrangements; the remaining 6% equity interest of Guangzhou Xinkang is held as to 4% and 2% by Mr. Zhou Pingping (周平平) and Mr. Xie Chaoliang (謝朝亮), both being employees of our Group, respectively
“Guangzhou Xinshun”	Guangzhou Xinshun Technology Company Limited (廣州心順科技有限公司), a limited liability company established in the PRC on 22 October 2020, which is directly held as to 35% and 30% by Sinohealth Information and Guangzhou Xinkang, respectively, and deemed to be an indirect and non wholly-owned subsidiary of our Group pursuant to the Contractual Arrangements; the remaining 35% equity interest of Guangzhou Xinshun is held by Mr. Xiao Lin (肖淋), an employee of our Group
“Guangzhou Xinyi”	Guangzhou Xinyi Consulting Company Limited (廣州新益諮詢有限公司), a limited liability company established in the PRC on 15 April 2020, which is directly held as to 100% by Sinohealth Information, and deemed to be an indirect wholly-owned subsidiary of our Group pursuant to the Contractual Arrangements. It is in the course of applying for deregistration, which is expected to be completed in around late July 2022, and upon deregistration, Guangzhou Xinyi will cease to be our Group company

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“Guangzhou Xisi”	Guangzhou Xisi Digital Technology Company Limited (廣州西思數字科技有限公司), a limited liability company established in the PRC on 4 June 2019, which is directly held as to 100% by WFOE and an indirect wholly-owned subsidiary of our Group
“Guangzhou Zhuomuniao”	Guangzhou Zhuomuniao Medical Clinic Company Limited (廣州卓睦鳥醫療門診有限公司), a limited liability company established in the PRC on 14 October 2020, which is directly held as to 100% by Sinohealth Jianshu, and deemed to be an indirect non wholly-owned subsidiary of our Group pursuant to the Contractual Arrangements
“Hainan Sinohealth”	Hainan Sinohealth Technology Company Limited (海南中康科技有限公司), a limited liability company established in the PRC on 26 December 2019, which is directly held as to 100% by Sinohealth Information, and deemed to be an indirect wholly-owned subsidiary of our Group pursuant to the Contractual Arrangements
“Hainan Sinohealth Lian”	Hainan Sinohealth Lian Digital Medical Technology Company Limited (海南中康聯數字醫學科技有限公司), a limited liability company established in the PRC on 26 December 2019, which is directly held as to 100% by WFOE and an indirect wholly-owned subsidiary of our Group
“Hansson BVI”	Hansson Holdings Limited, a limited liability company incorporated in the BVI on 24 December 2020, which is directly wholly owned by Mr. Xu Haixun
“Healthcare Industry Participant Networks”	our Industry Events and Media Channels
“Healthcare Link”	an event management system developed by our Group and mainly used to keep track of information and activities for our Industry Events
“High and New Technology Enterprise”	high and new technology enterprise recognized in accordance with the Administrative Measures for the Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》) issued by the Ministry of Science, the MOF and the SAT
“HKASs”	Hong Kong Accounting Standards
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants

DEFINITIONS

“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	the 7,500,000 new Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described under the section headed “Structure and Conditions of the Global Offering” in this prospectus)
“Hong Kong Public Offering”	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong at the Offer Price, subject to and in accordance with the terms and conditions described in this prospectus as further described in “Structure and Conditions of the Global Offering” in this prospectus
“Hong Kong Share Registrar”	Boardroom Share Registrars (HK) Limited
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in the section headed “Underwriting—Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement, dated 27 June 2022, relating to the Hong Kong Public Offering, entered into among our Company, the Controlling Shareholders, BNP Paribas and the Hong Kong Underwriters as further described in the section headed “Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering” in this prospectus
“Independent Third Party(ies)”	individual(s) or company(ies) who is(are) not a connected person(s) of our Company within the meaning ascribed under the Listing Rules

DEFINITIONS

“Industry Events”	the events we host for the healthcare industry participants, including Industry Prospect Event, Merchandise Trading Event, Retail Sales Event and other events in smaller scale we organize throughout the year
“International Offer Shares”	the 67,500,000 Shares being initially offered for subscription under the International Offering together, where relevant, with any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option (subject to reallocation as described under the section headed “Structure and Conditions of the Global Offering” in this prospectus)
“International Offering”	the conditional placing of the International Offer Shares at the Offer Price, outside the United States in offshore transactions in accordance with Regulation S or any other available exemption from the registration requirements under the U.S. Securities Act as further described in “Structure and Conditions of the Global Offering” in this prospectus
“International Underwriter(s)”	the underwriters of the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering expected to be entered into on or around the Price Determination Date by, among others, our Company, our Controlling Shareholders, the Sole Representative and the International Underwriter(s)
“iResearch”	iResearch Global Inc., an independent market research expert
“iResearch Report”	the industry report prepared by iResearch and commissioned by our Company, the contents of which are quoted in this prospectus
“Jiangxi Xinshun”	Jiangxi Xinshun Medicine Company Limited (江西心順藥業有限公司), a limited liability company established in the PRC on 29 January 2021, which is directly held as to 100% by Guangzhou Xinshun, and deemed to be an indirect and non wholly-owned subsidiary of our Group pursuant to the Contractual Arrangements

DEFINITIONS

“Jiangxi Yaoshunshun”	Jiangxi Yaoshunshun Medicine Company Limited (江西藥順順藥業有限公司), a limited liability company established in the PRC on 29 March 2021, which is held as to 49% and 51% by Jiangxi Xinshun and Jiangxi Renxiang Medicine Company Limited (江西仁翔藥業有限公司), a company aggregately owned by two individuals, both being Independent Third Parties (save for their investment in Jiangxi Yaoshunshun), respectively
“Joint Bookrunners”	the joint bookrunners as named in “Directors and parties involved in the Global Offering” section of this prospectus
“Joint Global Coordinators”	the joint global coordinators as named in “Directors and parties involved in the Global Offering” section of this prospectus
“Joint Lead Managers”	the joint lead managers as named in “Directors and parties involved in the Global Offering” section of this prospectus
“key client(s)”	client(s) that have good business relationships with us for a long period, including those who are industry leaders or have large operational scales
“Lanyu Health”	Lanyu Health Technology (Guangzhou) Company Limited (藍域健康科技(廣州)有限公司), a limited liability company established in the PRC on 15 January 2021, which was held as to 40% and 60% by Guangzhou Xinkang and Mr. Wu Chao (吳超) (an Independent Third Party save for his investment in such company), respectively, and was deregistered on 2 March 2022
“Latest Practicable Date”	19 June 2022, being the latest practicable date for ascertaining certain information in this document before its publication
“laws”	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees, or rulings of any Governmental Authority (including, without limitation, the Stock Exchange and the SFC) of all relevant jurisdictions
“LinkedSee”	one of our SaaS products that provides medical product manufacturers with data insights mainly based on consumer portrait analytics
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange

DEFINITIONS

“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about 12 July 2022, on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“M&A Rules”	the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》)
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Media Channels”	our media channels that consist of several official online media accounts set up by the Group, mainly including (i) New Health World (新康界), (ii) Physician Weekly (醫師周刊), (iii) The No. 1 Pharmacy Wise (第一藥店財智), and (iv) The Pharmacy Folks (藥店人)
“medical product manufacturer(s)”	refers to pharmaceutical company(ies), medical equipment manufacturer(s) and healthcare product manufacturer(s)
“medical products and channels”	products and channels provided or adopted by medical product manufacturers, medical product distributors, retail pharmacies, etc. using different means to market, promote and sell their products and services
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company, a summary of which is set forth in Appendix III to this prospectus, and as amended from time to time
“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“mini-program”	a light feature within WeChat which connects service providers and users
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)

DEFINITIONS

“Montesy Capital BVI”	Montesy Capital Holding Ltd, a limited liability company incorporated in the BVI on 20 March 2018, which is owned as to 70% and 30% by Mr. Li Hanxiong (李捍雄) and his spouse, Ms. Wu Meirong (吳美容), respectively, and is one of our substantial shareholders
“Mr. Tang”	Mr. Tang Keke (唐珂軻), our chief technology officer and a substantial shareholder of Sinohealth Jianshu and Guangzhou Jisi
“Mr. Wu”	Mr. Wu Yushu (吳鬱抒) (also known as Wu Han (吳瀚)), an executive Director, our chairman, chief executive officer, one of our Controlling Shareholders and spouse of Ms. Wang
“Mr. Wu’s Brother”	Mr. Wu Jianyu (吳建宇), the brother of Mr. Wu
“Mr. Wu’s Father”	Mr. Wu Xiangxue (吳象學), the father of Mr. Wu
“Mr. Xu Haixun”	Mr. Xu Haixun (續海訓), one of our pre-IPO investors
“Ms. Shu Meizhen”	Ms. Shu Meizhen (束美珍), one of our pre-IPO investors
“Ms. Wang”	Ms. Wang Lifang (王莉芳), an executive Director, chief operating officer, one of our Controlling Shareholders and spouse of Mr. Wu
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of our Board
“Non-disclosure Agreement(s)”	the non-disclosure agreements with retail pharmacies associated with the CMH Cooperation Agreements;
“NPC”	the National People’s Congress of the PRC (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%, FRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005%), of not more than HK\$6.96 and expected to be not less than HK\$5.36, to be determined as described in the section headed “Structure and Conditions of the Global Offering—Pricing and Allocation” in this prospectus, subject to any Downward Offer Price Adjustment

DEFINITIONS

“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares to be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option
“Other VIE Shareholders”	Mr. Zhou Pingping (周平平), Mr. Xie Chaoliang (謝朝亮), Mr. Tang Keke (唐珂軻), Mr. Sun Zihao (孫梓豪), Mr. Xiao Lin (肖淋), Mr. Wang Mengliang (王夢良) and Mr. Cao Chengzhi (曹承志), being other relevant shareholders holding interests in certain subsidiaries of Sinohealth Information
“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Sole Representative (for itself and on behalf of the International Underwriters) for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 11,250,000 Shares (representing in aggregate approximately 15% of the initial Offer Shares) to the International Underwriters to cover over-allocations in the International Offering, if any, details of which are described in the section headed “Structure and Conditions of the Global Offering Over-allotment Option” in this prospectus
“partnering pharmacies”	retail pharmacies with whom we enter into CMH Cooperation Agreements or SIC Services Agreements
“PBOC”	the People’s Bank of China
“Pharmacy Connect”	one of our SaaS products that provides data insights mainly based on pharmacy information analytics
“PIP Law”	the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) promulgated by the SCNPC on 20 August 2021, and took effect on 1 November 2021
“PRC Government” or “State”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“PRC Legal Advisers”	Jingtian & Gongcheng, PRC legal advisers to our Company for the Listing
“Pre-IPO Investments”	the Pre-IPO investments in our Company undertaken by the pre-IPO investors, the details of which are set forth in “History, Reorganization and Corporate Structure—Pre-IPO Investments” in this prospectus

DEFINITIONS

“Pre-IPO Investors”	the investors in our Company prior to our Listing, as set out in “History, Reorganization, and Corporate Structure”, being Shanghai Tianyi, Ms. Shu Meizhen, Mr. Xu Haixun and Zhongwei Tengyun
“Price Determination Date”	the date, expected to be on or about 5 July 2022 and in any event no later than 10 July 2022, on which the Offer Price is to be fixed for the purposes of the Global Offering
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of our Board
“Reorganization”	the reorganization of our Group in preparation for the Listing, details of which are set forth in the section headed “History, Reorganization and Corporate Structure” in this prospectus
“Reorganization Agreement”	the reorganization agreement dated 28 January 2021 among Mr. Wu, Ms. Wang, Ms. Wu Meirong, Mr. Wu Chunjiang, Riqian LLP, Shanghai Tianyi, Zhongwei Tengyun, Shanghai Meijiu, Wellmark BVI, WLF BVI, Montesy Capital BVI, Hansson BVI, Rikan LLP, Sinohealth Information, WFOE and our Company in relation to the Reorganization
“repeat client(s)”	a client for a specific financial period is considered a repeat client if it has a transaction with us during the previous financial period
“Restricted Business(es)”	any business over which the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021 Version), Provisions on Administration of Foreign Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), and Notice on Strengthening the Administration of Foreign Investment in Operating Value-added Telecommunications Business (《關於加強外商投資經營增值電信業務管理的通知》) impose restrictions in relation to foreign ownership
“retail data”	in the context of our business, the retail market data we collect from our partnering pharmacies, details of which are described in the section headed “Business—Our Technologies and Big Data—Big Data” in this prospectus

DEFINITIONS

“Rikan LLP”	Rikan Industry Investment Limited Partnership, a limited partnership enterprise established in the BVI on 15 January 2021, the general partner of which is Wellmark BVI holding 2% interests, and the remaining eight limited partners of which are WLF BVI holding approximately 62.8866% interests, Mr. Su Caihua (chief data officer of our Group) holding 23.7% interests, Mr. Zhuang Weijin (vice president of our Group) holding 5.0% interests, Mr. Li Junguo (vice president of our Group) holding 2.08% interests and four other employees of our Group together holding approximately 4.3334% interests (with each ranging from 0.1667% to 1.6667%), and one of our Controlling Shareholders
“Riqian LLP”	Zhuhai Riqian Investment Partnership Enterprise (LLP) (珠海日乾投資合夥企業(有限合夥)), a limited partnership enterprise established in the PRC on 29 January 2016, the general partner of which is Mr. Wu holding 2% interests, and the remaining eight limited partners of which are Ms. Wang holding approximately 62.8866% interests, Mr. Su Caihua (chief data officer of our Group) holding 23.7% interests, Mr. Zhuang Weijin (vice president of our Group) holding 5.0% interests, Mr. Li Junguo (vice president of our Group) holding 2.08% interests and four other employees of our Group together holding approximately 4.3334% interests (with each ranging from 0.1667% to 1.6667%)
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the China governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SCNPC”	the Standing Committee of National People’s Congress of the PRC (中華人民共和國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, modified and supplemented from time to time

DEFINITIONS

“Shanghai Meijiu”	Shanghai Meijiu Corporate Consulting Partnership Enterprise (LLP) (上海美九企業管理諮詢合夥企業(有限合夥)), a limited partnership enterprise established in the PRC on 14 September 2020, the sole general partner of which is Mr. Xu Haixun holding 99% interests, and the limited partner of which is his nominee individual holding 1% interests on trust for Mr. Xu Haixun
“Shanghai Tianyi”	Shanghai Tianyi Assets Management Co., Ltd (上海天億資產管理有限公司), a limited company established in the PRC on 3 August 2006, which is owned as to 70% and 30% by Mr. Yu Rong (俞榕) and Shanghai Tianyi Industrial Holding Group Company Limited (上海天億實業控股集團有限公司) (being a company ultimately controlled by Mr. Yu Rong), respectively, and is one of our pre-IPO investors
“Shanghai Tianyi BVI”	Tianyi (BVI) Limited, a limited liability company incorporated in the BVI on 5 March 2021, which is wholly owned by Shanghai Xuanyu Enterprise Management Co., Ltd. (上海軒瑜企業管理有限公司), which in turn is a wholly-owned subsidiary of Shanghai Tianyi
“Share(s)”	the ordinary share(s) of nominal value of US\$0.01 each in the share capital of our Company
“Share Option Scheme”	the share option scheme conditionally adopted by our Shareholders on 27 April 2022, the principal terms of which are summarized in the section headed “Statutory and General Information—D. Other Information—1. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“SIC”	Sinohealth Intelligence Cloud, one of our SaaS products that focuses on integrated management tools as well as data insights of healthcare retail chain
“SIC Services Agreement(s)”	the agreement(s) with our SIC user(s) governing (i) our provision of SIC, and (ii) data cooperation arrangement
“Sinohealth HK”	Sinohealth Technology Limited (中康健康科技有限公司), a limited liability company incorporated in Hong Kong on 15 March 2019, which is directly held as to 100% by Sky Range BVI and an indirect wholly-owned subsidiary of our Group

DEFINITIONS

“Sinohealth Information”	Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司) (formerly known as Guangzhou Sinohealth Advertising Media Co. Ltd. (廣州中康廣告傳媒有限公司) and Guangzhou Sinohealth Pharmaceutical Information Co. Ltd. (廣州中康醫藥資訊有限公司)), a joint stock company with limited liability established in the PRC on 20 December 2007 and deemed to be a wholly-owned subsidiary of our Group pursuant to the Contractual Arrangements
“Sinohealth Jianshu”	Guangzhou Sinohealth Jianshu Intelligence Technology Company Limited (廣州中康健數智能科技有限公司), a limited liability company established in the PRC on 3 April 2018, which is directly held as to 75% by Sinohealth Information, and deemed to be an indirect and non wholly-owned subsidiary of our Group pursuant to the Contractual Arrangements; the remaining 25% equity interest of Sinohealth Jianshu is held by Mr. Tang Keke, the chief technology officer of our Group
“Sinohealth Junyi”	Beijing Sinohealth Junyi Digital Technology Company Limited (北京中康君毅數字科技有限公司), a limited liability company established in the PRC on 23 April 2020, which is directly held as to 70% by Sinohealth Information, and deemed to be an indirect and non wholly-owned subsidiary of our Group pursuant to the Contractual Arrangements; the remaining 30% equity interest of Sinohealth Junyi is held by Mr. Sun Zihao (孫梓豪), an employee of our Group
“Sinohealth Pushi”	Guangzhou Sinohealth Pushi Technology Development Company Limited (廣州中康普世科技發展有限公司), a limited liability company established in the PRC on 25 October 2017, which ceased to be our Group company upon deregistration on 22 December 2021
“Sinohealth Ruima”	Beijing Sinohealth Ruima Marketing Technology Company Limited (北京中康瑞馬營銷科技有限公司), a limited liability company established in the PRC on 20 February 2021, which is owned as to 60% and 40% by WFOE and Zhuhai Ruima Brand Management Consulting Company Limited (珠海瑞馬品牌諮詢有限責任公司) (an Independent Third Party, save for its investment in such company), respectively, and an indirect non wholly-owned subsidiary of our Group

DEFINITIONS

“Sinohealth Tong”	Beijing Sinohealth Tong Digital Technology Company Limited (北京中康通數字科技有限公司), a limited liability company established in the PRC on 18 March 2020, which is directly held as to 70% by Sinohealth Information, 20% by Mr. Wang Mengliang (王夢良), an employee of our Group, and 10% by Guangzhou Junyi, and will apply for deregistration after transferring its business to WFOE and its subsidiaries, and upon deregistration, Sinohealth Tong will cease to be our Group company
“Sky Range BVI”	Sky Range Investments Limited (天域投資有限公司), a limited liability company incorporated in the BVI on 3 January 2019 and a direct wholly-owned subsidiary of our Company
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into on or around the Price Determination Date between the Stabilizing Manager and Wellmark BVI
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs, as amended, modified and supplemented from time to time
“top medical product manufacturers”	the top medical product manufacturers, both globally and Chinese, based on (i) the list of top 100 global medical product manufacturers in 2020 compiled by Torrey, and (ii) the top 115 Chinese medical product manufacturers in 2020 compiled by Yaozh.com
“Torrey”	Torrey Partners LLC, a global investment bank that specializes in the healthcare industry, whose report released in September 2020 is a representative ranking of the global top medical product manufacturers, according to the iResearch Report
“Track Record Period”	the three years ended 31 December 2019, 2020 and 2021
“U.S.”, “US” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

DEFINITIONS

“U.S. dollars”, “US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“VIE Shareholders”	Mr. Wu and Ms. Wang, being the registered shareholders of Sinohealth Information
“WeChat”	a multiple-purpose messaging, social media and mobile payment application software developed by Tencent Holdings Limited
“Wellmark BVI”	Wellmark Link Limited (盈連有限公司), a limited liability company incorporated in the BVI on 7 January 2019, which is directly wholly owned by Mr. Wu, and one of our Controlling Shareholders
“WFOE”	Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司), a limited liability company established in the PRC on 8 April 2019, which is directly held as to 100% by Sinohealth HK and an indirect wholly-owned subsidiary of our Group
“Withdrawal Mechanism”	a mechanism which requires the Company, among other things, to (a) issue a supplemental prospectus as a result of material changes in the information in the prospectus; (b) extend the offer period and to allow potential investors, if they so desire, to confirm their applications using an opt-in approach (i.e. requiring investors to positively confirm their applications for shares despite the changes)
“WLF BVI”	WLF Investment Holdings Limited, a limited liability company incorporated in the BVI on 30 December 2020, which is directly wholly owned by Ms. Wang, and one of our Controlling Shareholders
“Yaozh.com”	a domestic big data service provider and website, established in 2009 and one of the early providers of data relating to the medical and healthcare industry and related data processing and mining in China, and whose list of top Chinese medical product manufacturers is one of the three most influential lists in China (藥智網), according to the iResearch Report

DEFINITIONS

“Zhongwei Tengyun”	Jiangsu Jiequan Zhongwei Tengyun Pharmaceutical Industrial Investment Fund (LLP) (江蘇韋泉中衛騰雲醫藥健康產業投資基金(有限合夥)), a limited partnership enterprise established in the PRC on 13 November 2017, the sole general partner of which is Jiangsu Zhongwei Tengyun Chuangye Investment Management Co., Ltd (江蘇中衛騰雲創業投資管理有限公司) holding 1% interests, which is in turn controlled by Shanghai Tianyi, and the remaining five limited partners of which are Shanghai Tianyi holding 31.5% interests, Jiangsu Provincial Government Investment Fund (LLP) (江蘇省政府投資基金(有限合夥)) (an Independent Third Party) holding 30% interests and three other Independent Third Parties, which are professional investment companies or companies in medical instrument and technology industry, each holding 12.5% interests, and one of our pre-IPO investors
“Zhongwei Tengyun BVI”	Jiequan Zhongwei Tengyun Limited, a limited liability company incorporated in the BVI on 5 March 2021, which is wholly owned by Shanghai Hongyi Enterprise Management Center (Limited Partnership) (上海鴻薏企業管理中心(有限合夥)), the sole general partner of which is Jiangsu Zhongwei Tengyun Chuangye Investment Management Co., Ltd (江蘇中衛騰雲創業投資管理有限公司) holding 8.7% interests, which is in turn controlled by Shanghai Tianyi, and the limited partner of which is Zhongwei Tengyun holding 91.3% interests
“%”	per cent

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this prospectus in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“AI”	artificial intelligence
“AI-MDT”	artificial intelligence multi-disciplinary treatment
“AI technologies”	artificial intelligence technologies, in respect of our business, the application of which includes machine learning, as well as machine learning-based knowledge graphs, natural language processing and computer vision technology
“aPaaS”	application platform as a service, a category of cloud service that offers development and deployment environments for application services
“API”	application programming interface
“big data analytics”	the use of advanced analytic techniques against very large and diverse data sets, which greatly exceed the capabilities of traditional database software tools in terms of data collection and analysis, to uncover hidden patterns, unknown correlations, market trends, client preferences and other useful information that can help organizations make more informed business decisions
“CAGR”	compound annual growth rate
“CDSS” or “clinical decision support system”	an AI-enabled system that is designed to provide physicians and other health professionals with clinical decision support, that is, assistance with clinical decision making tasks
“cloud”	applications, services or resources made available to users on demand via the internet from a cloud server with access to shared pools of configurable resources
“cloud computing”	a model enabling ubiquitous, convenient, and on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, data storage, computing power, applications, and services) that can be rapidly provisioned and released with minimal management effort or services provider interaction

GLOSSARY OF TECHNICAL TERMS

“cloud native”	an approach in software development that utilizes cloud computing to build and run scalable applications in modern, dynamic environments such as public, private and hybrid clouds. Technologies such as containers, microservices, serverless functions and immutable infrastructure, deployed via declarative code are common elements of this architectural style
“consumer portrait”	a description of consumer based on the attributes including demographics, geography and purchasing behavior
“container”	a package of microservices that includes all dependencies that allows an application to run regardless of the operating system or infrastructure environment
“COVID-19”	coronavirus disease 2019, a disease caused by a novel coronavirus designated as severe acute respiratory syndrome coronavirus 2, and including its mutations and variants discovered from time to time
“CRM”	client relationship management
“CRO” or “contract research organization”	a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
“data cleansing”	the process of finding, fixing or removing incorrect, corrupted, incorrectly formatted, duplicate, or incomplete data within a dataset
“data liquidity”	efficiency with which a data asset can be activated in the short run, with no need to change the current technology infrastructure, measured through metrics such as throughput, match rate and extraction rate
“deep learning”	a subset of machine learning that constructs artificial neural networks to mimic the structure and function of the human brain
“DevOps”	a set of practices that combines software development (Dev) and information-technology operations (Ops) which aims to shorten the systems development life cycle and provide continuous delivery with high quality
“DTP pharmacies”	pharmacies that obtain medicine directly from pharmaceutical companies and mainly sell prescription medicine instead of over-the-counter medicine to patients

GLOSSARY OF TECHNICAL TERMS

“EDI License”	Value-added Telecommunication Business License (增值電信業務經營許可證) for online data processing and transaction processing
“ePRO”	electronic patient-reported outcome
“ERP”	enterprise resource planning, which is an industry term for broad set of activities supported by multi-module application software that helps a manufacturer or other business operator to manage the important parts of its business, including product planning, parts purchasing, maintaining inventories, interacting with suppliers, providing customer services, and tracking orders. ERP can also include application modules for the finance and human resources aspects of a business
“ETL”	extract-transformation-load, referring to the general procedure of extracting, transforming and loading data from data sources to the destination system
“GMV”	gross merchandise value, which is the total value of products sold during a given period and equals the sales price per product multiplied by the number of products sold
“H5”	HTML5, a markup language used for structuring and presenting content on web pages, which is the fifth and current major version of the HTML standard
“healthcare insight solutions”	product or service offerings based on healthcare big data and associated technologies which support the information and digitization needs of various organizations in the healthcare industry
“IaaS”	infrastructure-as-a-service, a category of cloud computing services that delivers fundamental compute, storage, and network resources over the internet
“ICP License”	Value-added Telecommunication Business License (增值電信業務經營許可證) for internet information services
“IDC License”	Value-added Telecommunication Business License (增值電信業務經營許可證) for internet data center services (including internet resources cooperation services)
“IT”	information technology

GLOSSARY OF TECHNICAL TERMS

“knowledge graph”	a knowledge base that uses a graph-structured data model or topology to integrate data
“machine learning”	the study of computer programs that improve automatically through experience without explicit programming, which is a subset of artificial intelligence
“medical literature”	the scientific literature of medicine articles in journals and texts in books devoted to the field of medicine
“microservices”	a software architecture style that structures an application as multiple services that perform fine-grained functions and is independently deployed
“middleware”	a common service that acts as a bridge which enables the communication or connectivity between an operating system or database and applications in a distributed network
“online analytical processing”	an approach that allows users to analyze information from multiple database systems at the same time by answering multi-dimensional analytical queries in computing
“OS”	operating system
“OTC”	over the counter
“PaaS”	platform as a service, a category of cloud computing services that provides a platform and environment to allow developers to build applications over the internet
“pre-clinical”	a stage preceding a clinical stage
“RWS” or “real-world study”	prospective observational studies designed to collect data on real-world patients. It can also retrospectively draw on existing patient registries, insurance databases, and electronic medical records
“SaaS”	software as a service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted
“TB”	Terabyte, a measure of computer storage capacity

FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus are forward looking-statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events or performance (often, but not always, through the use of words or phrases such as “will”, “expect”, “aim”, “potential”, “continue”, “anticipate”, “estimate”, “believe”, “going forward”, “ought to”, “may”, “seek”, “should”, “intend”, “plan”, “projection”, “could”, “vision”, “goals”, “aspire”, “objective”, “target”, “schedules”, “outlook” or other similar expressions) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this prospectus), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our future business development, financial condition and results of operations;
- our business strategies and our operating and expansion plans to achieve these strategies;
- our ability to control or reduce costs and expenses;
- our ability to identify and satisfy market demands and preferences;
- our ability to maintain good relationships with business partners;
- general economic, political and business conditions in the industries and markets in which we operate;
- relevant government policies and regulations relating to our industry, business and corporate structure;
- future developments, trends and conditions in the industry and markets in which we operate;
- changes to the regulatory environment and general outlook;
- our dividend policy;
- capital market development;
- the actions and developments of our competitors; and

FORWARD-LOOKING STATEMENTS

- all other risks and uncertainties described in the section headed “Risk Factors” in this prospectus.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as at the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

All forward-looking statements in this prospectus are expressly qualified by reference to this cautionary statement.

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Potential investors should carefully consider all of the information set forth in this prospectus, including the Accountants' Report included in Appendix I and, in particular, the risks and uncertainties described below, before making any investment decision in relation to the Offer Shares. If any of the possible events described below occur, our business, financial conditions or results of operations could be materially and adversely affected. You should pay particular attention to the fact that our subsidiaries in China are located in a legal and regulatory environment which may differ significantly from that of other jurisdictions. The trading price of the Offer Shares could decline due to any of these risks, as well as additional risks and uncertainties not presently known to us, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as at the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section titled "Forward-looking Statements" of this document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and our industry; (ii) risks relating to our Contractual Arrangements; (iii) risks relating to doing business in the PRC; and (iv) risks relating to the Global Offering.

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

A substantial portion of our revenue was generated from our medical product manufacturer clients during the Track Record Period which we anticipate will continue to be the case in the near future. Any slowdown in their growth or significant reduction in these clients' demand for healthcare insight solutions may materially and adversely affect our business, results of operations and prospects.

During the Track Record Period, a substantial portion of our total revenue was generated from our medical product manufacturer clients, which created considerable demand for our solutions and products to meet their growing needs for digital transformation in order to expand their business scale, assist in new drug research and development, enhance their decision-making ability and reduce their management costs. For the years ended 31 December 2019, 2020 and 2021, the revenue generated from our medical product manufacturer clients was approximately RMB165.2 million, RMB185.4 million and RMB291.8 million, accounting for approximately 93.0%, 91.8% and 90.0% of our total revenue for the same periods, respectively. According to iResearch, the market of insight solutions for medical products and channels in China grew at a CAGR of 50.9% from 2016 to 2021. There is no guarantee that we will continue to obtain contracts from these clients in the future.

In addition, there is no guarantee that there will not be any significant reduction in our clients' needs for our solutions and products which may be affected by various factors such as the general economic conditions in the PRC especially in the healthcare industry, the financial conditions of a particular client and the change of their policy towards procurement of healthcare insight solutions. For example, the revenue generated from our major clients could fluctuate to a considerable extent according to their respective business needs. If there is any significant

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reduction and/or delay in their business needs by these clients in the PRC for any reason, and we are unable to obtain sufficient business from other clients, our business, results of operations and prospects will be materially and adversely affected.

Raw data may be inaccurately recorded, categorized or synchronized before it is provided to us, which may in turn compromise the quality of our data analysis results.

We rely on our partnering pharmacies to a certain extent to provide us with retail and other data. Our partnering pharmacies either upload their retail data manually to us on a regular basis pursuant to the CMH Cooperation Agreements and Non-disclosure Agreements, or, for our SIC users, export their retail data and other data to our SIC system subject to the SIC Services Agreements. See “Business—Our Technologies and Big Data—Big Data—Data Sources and Data Collection” in this prospectus. Therefore, the quality of data could be compromised if our partnering pharmacies’ employees fail to accurately log the data into their system or if there are any inaccuracies in the partnering pharmacies’ point of sales, ERP and other internal systems. In the event that our partnering pharmacies fail to ensure the accuracy of the data or fail to log the data into their internal systems in a timely manner before providing to us, the accuracy, completeness and timeliness of our data may be compromised, which may negatively impact the performance of our data analysis results and the quality of other solutions and products we provide based on the analysis of such data.

We also collect and utilize data in the public domain such as the official websites of governmental agencies, medical product manufacturers, pharmacies and research institutions. Such data may contain inconsistent, incomplete or obsolete information and we do not accept any responsibility for the accuracy or completeness of such information.

We cannot guarantee that our data quality control measures are sufficient to verify and update our databases from time to time, or that our data is always up-to-date and reliable. In the event that our data is inaccurate or is not logged into our database in a timely manner, the performance of our data analysis results and quality of our solutions and products will be compromised. As a result, our business, results of operations and financial condition may be adversely affected.

Failure to maintain and expand our network of partnering pharmacies could materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, our network of partnering pharmacies expanded significantly. Our partnering pharmacies increased from 496 as at 31 December 2019 and to 759 as at 31 December 2020 and further to 1,072 as at 31 December 2021 while the retail pharmacy stores covered increased from 25,157 as at 31 December 2019 and to 37,703 as at 31 December 2020 and further to 52,882 as at 31 December 2021. See “Business—Our Technologies and Big Data—Big Data—Data Sources and Data Collection” in this prospectus. Our partnering pharmacies are not subject to exclusive or long-term arrangements with us in relation to provision of data. They may discontinue to renew or carry on with the cooperation arrangement to provide us with data at any time. Our partnering pharmacies’ willingness to provide us with data or pay for our services may be subject to their agreeing to the value of our healthcare insight solutions or our philosophy. Our current and future competitors may compete with us for establishing relationships with these partnering pharmacies. We cannot assure you that our

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partnering pharmacies will continue to agree to our value propositions or cooperate with us or will not cooperate with our competitors or that our partnering pharmacies will renew their contracts with us in the future. In addition, engaging new partnering pharmacies may require significant marketing efforts such as our sales and marketing team's onsite consultation and negotiation with the potential partnering pharmacies as well as additional selling and distribution expenses. During the Track Record Period, our data costs mainly referred to the costs incurred in relation to data collection from our partnering pharmacies through data cooperation arrangements and, to a lesser extent, data processing from our purchase of cloud services and telecommunications services. For the years ended 31 December 2019, 2020 and 2021, our costs of data collection were approximately RMB2.0 million, RMB3.5 million and RMB6.3 million, accounting for approximately 66.7%, 73.6% and 70.6%, of our data costs, respectively, and approximately 2.8%, 4.9% and 4.8%, of our total cost of sales for the same periods, respectively. If we fail to maintain relationships with existing partnering pharmacies and expand our partnering pharmacy network, we may incur significant data collection costs or fail to obtain retail data we desire, or at all. As a result, our business, financial condition and results of operations could be materially and adversely affected.

If we fail to innovate and adapt to rapid developments in big data, AI and other technologies, our business may become less competitive and our future success may be adversely affected.

Our future success will depend on our ability to continue to innovate, enhance and broaden our solutions and products to meet evolving needs of our clients, and address technological advancements and new trends in healthcare insight solutions market. We may not be able to identify and respond to these new trends in a timely manner, or at all.

Based on our industry experience, we apply big data, AI and other technology to process and analyze data and develop our solutions and products. Application of big data technology has been popularized, with improvement in the overall knowledge base, formulas, programs and other technologies. The healthcare industry participants have also started the digital transformation by improving their technological capabilities and leveraging on innovative applications to streamline their business processes, reduce management costs and expand their business scale. If we are unable to design solutions and products that align with market trends in a timely manner or to develop new solutions and products that satisfy our clients and provide enhancements and new features for our existing solutions and products that keep pace with rapid technological and industrial change, our business, financial condition and results of operations could be adversely affected. In addition, our competitors may have access to more resources and technologies than us. If our competitors are able to deliver more efficient, convenient and secure solutions and products at lower prices by using new technologies, it could adversely impact our ability to maintain and increase our market share.

Our big data and technology infrastructure may be subject to changes and innovation in new technologies. Any failure of our big data and technology infrastructure to operate effectively with evolving or new technologies could reduce capabilities and further reduce the demand for our solutions and products. We must continue to invest substantial resources in research and development to enhance our big data technology, cloud computing and AI technology. If we are unable to respond to the latest developments in a cost-effective manner, our solutions and products may become less marketable and less competitive or obsolete, and our business, financial condition and results of operations could be adversely affected.

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Potential design or performance defects in our big data and technology infrastructure as well as our solutions and products could materially and adversely affect our business, results of operations and financial performance.

We primarily provide integrated healthcare insight solutions empowered by our big data and technologies as part of our Sinohealth Engine infrastructure. Big data and AI technologies are relatively new, and they may contain design or performance defects that are difficult to detect and correct and may become apparent only after widespread commercial use. Any defect in those technologies and our solutions and products supported by those technologies as well as their subsequent alterations could hinder the effectiveness of our data processing and data analytics and the reliability of our solutions and products, and discourage existing or potential clients from using our solutions and products, which would have a material and adverse effect on our reputation, competitiveness and future prospects. Given that many of our clients use our solutions and products in processes that are important to their business decisions, if the technologies underlying our solutions and products are found to have design or performance defects, we may be subject to liability claims which could have a material and adverse effect on our business, financial condition and results of operations.

The integrity and reliability of our technology and information infrastructure may be subject to interruption and damage and may not perform as anticipated.

The operations of our business are highly dependent on the integrity and reliability of our technology infrastructure. Our Sinohealth Engine enables us to quickly integrate technology application modules and produce SaaS products, for specific application scenarios. Our Sinohealth Engine directly contributes to the effectiveness and efficiency of our Data Insight Solutions and SaaS products and enables us to manage our databases and entire data processing in order to deliver our solutions and products. We may experience services disruptions and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, hardware failure, computer viruses, fraud and security attacks. For example, if our Sinohealth Engine experiences interruption, attack or malfunctions, we may lose our data, which could in turn result in suspension of our output of solutions and products. See “Business—Our Technologies and Big Data” in this prospectus.

Our core database and operating data are stored in our servers that are located in our Guangzhou office, with an off-site backup data storage server in a separate location in the same city. Any physical security breach of, or disasters causing damage to, our system could disrupt our business. In addition, our technology and information systems are vulnerable to damage or interruption from power outages, hardware failures, security breaches, and human errors by our employees. Failure of our technology and information systems may require significant additional capital and management resources to resolve, causing material harm or disruption to our business. Any unexpected problems in the technology and information systems may have material and adverse effects on our business and operations as well as reputation.

If our data processing programs are or become flawed or ineffective, our reputation and business operations may be materially and adversely affected.

Our ability to attract clients to, and build trust in, our solutions and products depends significantly on our ability to effectively assess and predict client interest and market trends. We

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utilize our proprietary programs and Sinohealth Engine to track, process, and analyze raw data, generate data analytics and create and tailor the solutions to specific client interest, such as our Data Insight Solutions and Data-driven Publications and Events, as well as our SaaS products. Our proprietary programs and Sinohealth Engine take into account multiple sources of data, including master data and retail data from various channels and under various scenarios. See “Business—Our Technologies and Big Data—Big Data” in this prospectus.

In addition, we anticipate significant growth in the amount of data we process as we continue to develop new solutions, products, functionalities and features to meet evolving and growing needs from clients. As the amount of data and variables we process increases, our programs and Sinohealth Engine process increasingly complex calculations. As a result, the likelihood of defect and errors increases. To the extent our proprietary programs and Sinohealth Engine fail to accurately assess or process data, or experience significant errors or defects, our clients may not achieve their goals in a cost-effective manner or at all, which could make our solutions and products less attractive to them, resulting in damage to our reputation and a decline in our market share, and adversely affect our business and results of operations.

Failure to comply with or adapt to changes in data protection, privacy and similar laws or introduction of data tax in China may materially and adversely affect our business and financial conditions.

As at the Latest Practicable Date, our big data was primarily collected from partnering pharmacies and public sources. See “Business—Our Technologies and Big Data—Big Data—Data Security and Privacy” in this prospectus. In recent years, privacy and data protection has become an increasing regulatory focus of government authorities across the world. The PRC Government has enacted a series of laws, regulations and governmental policies for the protection of personal data in the past few years. Such regulatory requirements on data privacy are constantly evolving and can be subject to varying interpretations, or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard.

For example, on 10 June 2021, the SCNPC promulgated the Data Security Law, which became effective on 1 September 2021. It requires entities conducting data processing activities, such as our Company, to establish and improve a whole-process data security management system in accordance with the provisions of laws and regulations, organize and carry out data security education and training, and adopt corresponding technical measures and other necessary measures to ensure data security. On 20 August 2021, the SCNPC also promulgated the PIP Law, which became effective on 1 November 2021, setting forth detailed rules for personal information protection. In addition, on 28 December 2021, the CAC, jointly with other 12 governmental authorities, promulgated the CAC Measures II, which became effective on 15 February 2022. In accordance with the CAC Measures II, critical information infrastructure operators that intend to purchase internet products and services and online platform operators engaging in data processing activities, which affect or may affect national security, must be subject to cybersecurity review. An online platform operator which possesses personal information of over one million users and intends to have a “foreign (國外) listing” must be subject to cybersecurity review. Additionally, the CAC Measures II also grants the CAC and other competent authorities the right to initiate a cybersecurity review without application, if any member organization of the cybersecurity review mechanism has reason to believe any internet

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products, services or data processing activities affect or may affect national security. The PRC government authorities may have wide discretion in the interpretation of “affect or may affect national security”. If any of our internet products, services or data processing activities are deemed to “affect or may affect national security”, we may be subject to cybersecurity review.

The CAC also publicly solicited comments, on 14 November 2021, on the Draft CAC Regulations, which set out that data processors shall apply for cyber security review when they intend to be listed in Hong Kong which affects or may affect national security, and other detailed requirements in respect of the data processing activities conducted by data processors. See “Regulatory Overview—Regulations on Healthcare Big Data and Information Security and Data Privacy—Information Security and Data Privacy” in this prospectus.

As the Draft CAC Regulations have been published recently for public comments, its contents are subject to further clarification and interpretations and whether the formal version adopted in the future will have any further material changes remains unclear, and we face uncertainties that the measures may be enacted, interpreted or implemented in ways that may negatively affect us.

Given the complex and uncertain regulatory environment, we cannot assure you that we will be able to take timely and effective measures to meet all the updated legal and regulatory requirements. Any failure or delay in the completion of the cybersecurity review procedures or to comply with these laws, regulations or policies may result in, fines or other penalties such as making certain required rectification, suspending our related business, or taking down our operations, or inquiries and other proceedings or actions against us by governmental authorities or others, as well as negative publicity and damage to our reputation and brand, each of which could cause us to lose our clients and businesses. To the extent new laws and regulations are enacted or promulgated, or new interpretations and applications of existing privacy and data protection laws or regulations are adopted, we may be required to implement new or enhanced security measures, which may have a material adverse effect on our business operations. We may also be subject to additional compliance costs or restrictions over our business operations after they are fully implemented, which may adversely affect our business, financial conditions or results of operations.

In addition to the above, we cannot assure that the PRC Government will not formulate and implement more laws and regulations or impose more regulatory requirements (including mandatory financial charge such as taxes or other fees) in connection with data collection, storage, processing, etc. in the future, which may materially affect our business and financial conditions.

Security breaches and attacks against our systems and network, and any potentially resulting breach or failure to otherwise protect personal, confidential and proprietary information, could damage our reputation and negatively impact our business, as well as materially and adversely affect our financial condition and results of operations.

Our cybersecurity measures may not detect, prevent or control all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, Trojan horses, malicious software, break-ins, phishing attacks, third-party manipulation, security breaches, employee misconduct or negligence or other attacks, risks, data leakage and similar disruptions that may

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cause service interruptions or jeopardize the security of data 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 or our third-party service providers, there can be no assurance that we will be able to anticipate, or implement adequate measures to protect against, these attacks. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation and business would be harmed and we could sustain substantial revenue loss from lost sales and client dissatisfaction.

Any decrease in the attractiveness of the themes published in our Industry Events may result in a decrease in our clients' willingness to purchase our Data-driven Publications and Events, which may materially and adversely affect our business, financial conditions and results of operations.

Our data insight publications through our Industry Events are the key driving forces of attendees' participation in our events. Our data insight reports are prepared and published in accordance with the theme of each events that is supported by our healthcare insight solutions capabilities. The themes are determined based on our data insights, our understanding of the market trend and self-initiated research. The themes of our Industry Events may become less attractive to our clients if they fail to address our clients' evolving interest or focus of the healthcare insight solutions industry, resulting in their reduced willingness to pay for our data insight publications as well as associated event services. As a result, our clients' interests to engage us to provide our Data-driven Publications and Events may decrease, which may materially and adversely affect our business, financial conditions and results of operations.

We may not be able to transfer our increased costs to our clients.

During the Track Record Period, event costs and staff costs were our largest components of our cost of sales. Our events costs accounted for approximately 37.9%, 32.4% and 24.3% of our total cost of sales for the years ended 31 December 2019, 2020 and 2021, respectively, while our staff costs accounted for approximately 30.7%, 38.3% and 34.4% of our total cost of sales for the years ended 31 December 2019, 2020 and 2021, respectively. Our clients may not always agree to our price ranges. If, however, we are unable to increase the prices we charge our clients for any increase in event costs and staff costs, or if we are unable to pass on the increase in such costs to our clients, our results of operations and financial condition may be adversely affected.

Our Data-driven Publications and Events are subject to seasonality. As a result, our interim or periodical performance may not be an indicator of our performance.

Many of our events are organized once or twice a year. Our Industry Prospect Event, which contributed to approximately 64.5%, 66.9% and 66.5% of the total revenue of our Data-driven Publications and Events for the years ended 31 December 2019, 2020 and 2021, respectively, is held annually during the second half of each year. Although our Merchandise Trading Event is usually held annually during the first half of each year and our Retail Sales Events were held semi-annually until 2020 and has been scheduled to be held annually since 2021, our revenue recorded for our Data-driven Publications and Events is generally higher in the second half of

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the year due to the impact of our Industry Prospect Event as revenue from our Data-driven Publications and Events is recognized over the time of the conference. Our revenue from Industry Events are therefore subject to the actual timing of when they are hosted, each of which were generally completed within one week during the Track Record Period. As a result, our profitability is also subject to the actual timing of the Industry Events. Therefore, it may not be meaningful to project our full year results from our quarterly or interim results. Any periodic fluctuations in our revenue and results of operations may result in volatility in the price of our Shares.

We cannot guarantee that our initiatives to develop and offer new solutions and products will succeed.

We have been expanding our business scale and diversifying our offerings since our inception. We continue to implement a number of growth initiatives, strategies and operating plans designed to diversify our business and unleash the monetization potential of our position in the healthcare insight solutions market. For example, we launched Pharmacy Connect and LinkedSee in 2020 which are embedded with medical products and channels management tools for our clients. We also commenced our AI-MDT operation in 2019 and provide clients with in-depth physical examination report analysis and subsequent health management plans. In addition, we are currently developing our Smart Medical Cloud which is designed to support a full industry chain from making appointments, consultations, diagnoses, treatments, follow-ups, medical record management and analyses, medicine and medical device and assessments, symptom detections and public health monitoring to public health education. These business initiatives are new and evolving, some of which are still at the inception or trial stage and may prove unsuccessful. It may take a longer time than expected for us to build trust of our clients to use our new solutions and products, and we may not be able to monetize our new solutions and products.

We may not have sufficient experience in executing these new business initiatives effectively. Our ability to predict our clients' preferences and needs and to customize our solutions to them may be limited, which could impede our ability to deliver our value expected by our clients. In addition, each new solution and product launch involves risks, as well as the possibility of unexpected consequences. The acceptance of our new solutions by, 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. Also we may also experience a decrease in sales of certain existing solutions as a result of newly-launched solutions and products. Further, we may incur increasing research and development costs, selling and distribution expenses, administrative expenses and compliance costs as more efforts are required for business development, brand and marketing, general administration and legal compliance for our newly launched solutions and products. As a result, we cannot assure you that any of our business initiatives will achieve wide market acceptance, increase the penetration of our offerings or generate revenue or profit. If our efforts fail to enhance our monetization abilities, we may not be able to maintain or increase our revenue or recover any associated costs, and our business and results of operations may be materially and adversely affected.

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To maintain our business growth, we must continually identify the challenges in the healthcare insight solutions industry, produce and market new solutions to respond to unmet market demands in an effective manner. We may not be able to identify market demand or capture market opportunities despite substantial investments of time and resources.

If our solutions and products do not suit clients' evolving needs or drive their purchases, our business and reputation may be materially and adversely affected.

Our business is highly dependent on market acceptance for our solutions and products as well as our clients' willingness to procure and use our solutions and products. Our ability to continue to attract and retain our clients and increase our sales depends largely on our ability to continue improving and enhancing our solution accuracy and quality as well as the functions, performance, reliability, design, security, and scalability of our SaaS products. We may not have sufficient resources to invest into research and development as well as product upgrades. We cannot assure you that we are able to improve and enhance our solution accuracy and quality as well as the functions, performance, reliability, design, security, and scalability of our SaaS products in a manner that timely responds to our clients' evolving needs. In addition, we cannot assure you that our efforts and ability to demonstrate the value of our solutions and products to our clients would be successful. We may fail to achieve an adequate level of acceptance by our clients of our solutions and products and fail to effectively expand our client base or at all. Such ability, in turn, depends on a variety of factors beyond our control. Our business, financial condition or results of operations may be materially and adversely affected if we fail to provide solutions and products that suit clients' needs or drive their purchases.

Our success depends on our key management and talented pool of diverse expertise.

Our success is largely attributable to the continued commitment and contribution of our executive Directors, senior management and our key personnel, given the complexity and professional nature of the healthcare insight solutions industry. The experience and extensive knowledge of our key management has played an important role in achieving our success. In addition, the healthcare insight solutions require mixed expertise of medical, medicine, big data and IT in order to process a large volume of healthcare data and deliver complete and accurate data analysis results. There are no assurances that we will be able to retain our key management and talented pool, and the loss of any of them without suitable and timely replacements, or the inability to attract and retain qualified personnel may adversely affect our business, financial condition, results of operations and prospects. In the future, we may encounter shortages of appropriately skilled personnel, which may hamper our ability to implement our strategies and materially and adversely affect our business and results of operations.

Our future success will be partly dependent our ability to develop and expand our SaaS business.

We recorded a gross loss margin of 22.9% in our SaaS business for the year ended 31 December 2019, and we may not be able to continue to achieve profitability in the future. Such losses were primarily attributable to the substantial investment in product development, technology support and marketing of our SaaS products as we continued to drive the rapid growth of our SaaS business during the Track Record Period. We intend to continue investing in

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expanding our SaaS business, upgrading our technology, increasing our sales and marketing efforts, and expanding into new geographical markets in China. Our costs to grow our SaaS business may be higher than we expect, and we may not be able to increase our net profit. If we are unable to sustain the profitability of our SaaS business, the value of our business and Shares may significantly decrease. Furthermore, it is difficult to predict the growth rate of our SaaS business, client demand for our SaaS products and the client retention rate and competitiveness of our SaaS products in the future. As a result, our SaaS business may not remain profitable, and our business, financial conditions, results of operations and prospect could be adversely affected and our share price may decrease.

Our future success partly depends on the willingness of our existing and potential clients, such as medical product manufacturers and pharmacies in China, to use third-party SaaS products. Client acceptance of our SaaS products largely depends on the overall growth of the market for SaaS in the healthcare value chain in China. The expansion of the market, in turn, depends on a number of factors, including the cost, performance, and perceived value associated with cloud computing as well as the ability of service providers to address security and privacy concerns. If we or other major service providers experience security incidents, loss of client data, disruptions in delivery or other problems, the healthcare insight solutions market may be negatively affected. If cloud-based SaaS do not achieve widespread adoption, or there is a reduction in demand for such SaaS caused by a lack of market acceptance, technological challenges, weakening economic conditions, security or privacy concerns, competing technologies and products, decreases in corporate spending or otherwise, the market for our SaaS products may not develop and our business, financial conditions, results of operations and prospect could be adversely affected.

We face competition from other market players.

According to the iResearch Report, the healthcare insight solutions market in China is relatively fragmented. There are approximately 800 to 1,000 companies operating in the healthcare insight solutions for medical products and channels. This means that we may be subject to pricing competition, and as a result, we may be under pressure to reduce the prices of our solutions and products or margins. In addition, we face increasing competition from various types of operators in China's healthcare insight solutions market, such as traditional healthcare IT service companies, general technology companies, internet medical platform companies, and other dedicated healthcare insight solutions companies. Some of our competitors may have advantages over us in obtaining new clients in terms of more advanced technologies, a wider variety of solutions and products offering, established brand history and global networks, while some smaller domestic competitors may have advantages over us in terms of establishing local client connections in the region where they primarily operate.

Our market position depends on our ability to anticipate and respond to various competitive factors, including pricing strategies adopted by competitors, changes in client preferences, availability of capital and financing resources and the introduction of new or improved solutions and products. There can be no assurance that our current or potential competitors will not offer those comparable or superior to those that we offer at the same or lower prices or adapt more quickly than we do to evolving industry trends or changing market conditions. We may lose our clients to our competitors if, among other things, we fail to keep our prices at competitive levels or sustain and upgrade our network and technology. Increased competition may result in price

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reductions, reduced profit margins and loss of market share and as a result, our financial condition and results of operations may be adversely affected.

In addition, our competitors may develop their solutions, products and technologies that are more attractively priced or are of better quality than ours. As a result, demand for our solutions and products may fall, which may have a material and adverse effect on our business, financial condition and results of operations.

If we do not succeed in attracting new clients or growing revenue from existing clients, we may not be able to achieve our expected revenue growth.

We have been expanding our client base. For the years ended 31 December 2019, 2020 and 2021, we had 630, 702 and 918 corporate clients, respectively. Our ability to attract new clients depends on a number of factors, including our ability to offer solutions and products at competitive prices in response to clients' needs, the evaluation by existing clients on the performance of our solutions, our ability to maintain strengths to our competitors and the effectiveness of our marketing efforts. If we fail to perform well in any of these aspects, our ability to attract new clients could be impeded and, as a result, we may not be able to grow our revenue as quickly as we anticipate, or at all.

We face challenges in growing revenue from existing clients as well. If we fail to capture recurring or new demands from these clients, the future growth of our revenue may be negatively impacted. We have been deepening our relationship with our clients through enhancing our capabilities, identifying market needs and our value to our clients. We cannot assure you that our efforts will be as successful as expected due to factors which are beyond our control. We cannot guarantee that we will be able to continue to achieve our revenue growth by obtaining businesses from our existing and/or new clients.

We generally do not enter into long-term contracts with clients.

Currently, we generally do not enter into long-term contracts with our clients and most of our revenue from existing clients are generated on a project-by-project, one-time or annual basis. There is no guarantee that we will be able to obtain new business from our existing clients. Also, we may not be able to renew our existing agreements on favorable terms, or at all. In addition, we may have to lower our prices or offer more favorable terms to our clients in order to maintain competitive, which may affect our profitability. As a result, our business, financial condition and results of operations may be materially and adversely affected if we fail to obtain sufficient businesses.

Our staff costs, marketing expenses and research and development expenses will increase pursuant to the implementation of our expansion plan.

As set out in "Future Plans and Use of Proceeds—Use of Proceeds" in this prospectus, we expect to incur additional employee benefit expenses, marketing expenses and research and development expenses to support the implementation of our expansion plan. In particular, we will recruit (a) 393 new employees to intensify our efforts to develop and market our SaaS products; and (b) 204 new employees to implement the planned research and upgrade of our digital technology and data warehouse, in particular for our AI technologies and middleware for

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Sinohealth Engine in the next four years. We also intend to increase our marketing expenses and research and development expenses, including for marketing campaigns to targeted clients in the healthcare insight solutions industry to expand our client base.

Accordingly, our overall operational costs are expected to increase. As our number of employees will expand, we are exposed to a higher risk of increased employee benefit expenses. Further, any increase in employee benefit expenses per employee may have more impact on us due to our expanded number of employees, and there is no assurance that any actual increase in employee benefit expenses will not exceed our estimation.

Our expansion plan may not be implemented successfully which may adversely affect our prospects.

As set out in “Future Plans and Use of Proceeds—Use of Proceeds” in this prospectus, we intend to apply approximately 50.8% and 49.2% of our total estimated net proceeds from the Global Offering to upgrade and enhance our SaaS products and to conduct further research and development of our technology and data warehouse.

However, there is no assurance that our expansion plan will be successful, that our enhanced or newly developed SaaS products or other upgraded solutions or products will be in demand by our existing or potential clients, or that the expansion plan brings in an increase in revenue sufficient to outweigh the additional costs and expenses. There is also no assurance that the initiatives to upgrade and enhance our SaaS products and digital technologies will be successful, that, the solutions and products developed by our research and development teams and the marketing campaigns will bring the expected increase in our revenue, and that we will be able to pass on all or part of the increased employee benefit expenses, research and development expenses and/or marketing expenses to our clients. Moreover, our expansion plan may be hindered by factors beyond our control, such as general market conditions, government policies relevant to our industry, our ability to maintain our existing competitive advantages and new market entrants. Under any of the above circumstances, our profitability, financial performance and conditions will be materially and adversely affected.

The stability and expansion of our business may be adversely affected by difficulties in recruiting experienced staff, and increasing staff costs.

Our operations require a talented pool of employees who have extensive experience, technical skills and knowledge in our business area. In particular, we expect to recruit approximately 600 new employees to support implementation of our future plans. See “Future Plans and Use of Proceeds” in this prospectus. Driven by the increasing competition and challenge in acquiring talents with the necessary expertise in the healthcare insight solutions industry, we may fail to recruit employees as our business expands, including data architects, engineers or specialists with expertise in clinical medicine or other technical areas. Any failure to recruit and retain suitable talents may result in a shortage of staff, which may cause our operations and expansion plan to be delayed and affect the quality of our services. This may materially and adversely affect our operations, business growth, reputation and financial performance.

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Driven by inflationary pressures and competitive remuneration packages offered in the market, we expect labor costs continue to increase as our business expands. In the event of significant increase in labor costs in the future, there is no assurance that we will be able to offer our remuneration packages at a commercially reasonable level, and our financial performance may be materially and adversely affected unless we are able to pass on the increased costs to our clients.

We may not be able to recoup our investments in research and development, which in turn could adversely impact our financial condition and results of operations.

We have made, and will continue to make, significant investments in research and development which we believe to be crucial to our business success. We incurred approximately RMB29.3 million, RMB39.8 million and RMB53.7 million of research and development costs mainly in relation to our big data, AI technologies and SaaS products for the years ended 31 December 2019, 2020 and 2021, respectively. See “Business—Research and Development” in this prospectus. Our research and development requires significant funding and resources. An increase in our research and development costs may adversely impact our profitability. Furthermore, our research and development efforts may fail to yield expected or desirable outcomes. They may fail to translate into new or updated technologies for us to provide improved solutions and products. Additionally, rapid technological advancements, competing technologies, changes in client preferences and market acceptance may render our big data and AI technologies obsolete. Our competitors may also research and develop solutions and products that gain wider market acceptance, or are superior to our own in terms of technological capabilities and quality. If we fail to respond effectively by improving existing or launching new solutions and products in a timely and effective manner, we may not be able to retain our existing clients, enhance our competitiveness or maintain our market position. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We may not remain entitled to the preferential tax rate, government grants and other preferential treatment applicable to us, which may adversely affect our financial condition and results of operations.

According to the CIT Law and the Regulation on the Implementation of the CIT Law (《中華人民共和國企業所得稅法實施條例》), in general, foreign-invested enterprises and domestic enterprises are subject to a unified corporate income tax rate of 25%. Furthermore, the CIT Law provides a preferential tax treatment for High and New Technology Enterprises eligible for key support from the State in the form of a reduced corporate income tax rate of 15% subject to competent authorities’ review and approval. Enterprises qualified as High and New Technology Enterprises (高新技術企業) are entitled to a 15% corporate income tax rate rather than the 25% uniform statutory tax rate. The preferential tax treatment continues as long as an enterprise can retain its High and New Technology Enterprise status. Sinohealth Information has been approved as High and New Technology Enterprises in the PRC since 2016. Accordingly, Sinohealth Information enjoys a preferential corporate income tax rate of 15% from 2016 to 2021. The continued qualification as a High and New Technology Enterprise is subject to a three-year review by the relevant authorities in the PRC. In addition, certain of our PRC subsidiaries were identified as small and micro enterprises and were entitled to a preferential tax rate of 2.5%, 5% or 10% during the Track Record Period in accordance with applicable PRC laws and regulations. Preferential tax treatment granted to us is subject to review and may be

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adjusted or revoked at any time. For the years ended 31 December 2019, 2020 and 2021, our income tax expenses were approximately RMB12.7 million, RMB10.7 million and RMB23.6 million, respectively. For the same periods, our effective tax rate was 19.0%, 14.1% and 24.7%, respectively. This increase in our effective tax rate was a result of (i) the transfer of the Non-restricted Businesses to WFOE and its subsidiaries and hence being subject to the unified corporate income tax rate of 25% as part of WFOE; and (ii) the non-tax deductible listing expenses incurred offshore in 2021. See “Financial Information—Key Factors Affecting Our Results of Operation—Company Specific Factors—Level of Income Tax and Preferential Tax Treatment” in this prospectus. We may not be able to successfully renew our High and New Technology Enterprise certificate or continue to enjoy the same preferential tax treatments in the future. In the event that the PRC Government changes its tax policy of supporting new technology development, or Sinohealth Information ceases to be eligible for such preferential tax treatments, we may be subject to higher tax rates. In addition, to ensure the Contractual Arrangements are narrowly tailored under the requirement of the Stock Exchange, save for those disclosed in “Contractual Arrangements”, we have transferred the Non-restricted Businesses to WFOE and its subsidiaries and WFOE is subject to the unified corporate income tax rate of 25%. See “Contractual Arrangements” in this prospectus. As a result, the preferential treatments applicable to Sinohealth Information will have reduced beneficial effect. We expect that our effective tax rate may remain at a level similar to that in 2021 until WFOE obtains the High and New Technology Enterprises certificate and be subject to a reduced tax rate of 15%. WFOE intends to apply for recognition as a High and New Technology Enterprise in 2022. However, recognition as a High and New Technology Enterprise is subject to the satisfaction of certain conditions. There can be no assurance that WFOE can successfully obtain recognition as a High and New Technology Enterprise status and enjoy the 15% preferential tax treatment in the future. Our performance and profitability may be adversely affected by any unfavorable changes, in part or in whole, of the preferential tax policies.

During the Track Record Period, we also recorded government grants in the amount of approximately RMB1.7 million, RMB3.4 million and RMB16.4 million for the years ended 31 December 2019, 2020 and 2021, respectively, mainly representing incentives awarded by the local governments to support our operation, such as our high and new technology projects, manpower development, provision of high-end services and organization of Industry Prospect Event in Qiong Hai City, Hainan Province. See “Financial Information—Description of Major Components of Our Results of Operations” in this prospectus. In the event that we do not receive government grants or other preferential tax treatments provided by the various local governments, or if the conditions or contingencies for the relevant government grant change, or if we fail to maintain our qualification for the preferential tax treatment, our financial results may be adversely affected.

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

Part of our current and future business operations are subject to various licenses, permits and approvals. For example, we are required to obtain and maintain ICP Licenses for the provision of internet information services which we intend to be engaged in. A Radio and Television Program Production and Operation Permit (《廣播電視節目製作經營許可證》) is

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required for our production and publication of videos. For further information relating to our licenses and permits, see “Business—Licenses and Permits” in this prospectus. Our failure to obtain and maintain requisite approvals, licenses or permits applicable to our business or any changes in government policies or regulations may have an adverse impact on our business, financial condition and results of operations. The PRC Government regulates the healthcare industry extensively, including foreign ownership of, and the licensing requirements pertaining to, companies in the healthcare industry. The government authorities may pass new rules regulating the healthcare and the healthcare insight solutions industries and we have been continually expanding with new business initiatives. We may be required to obtain additional licenses, permits or approvals so that we can continue to operate our existing or future businesses or otherwise prohibit our operation of the types of businesses to which the new requirements apply. New regulations or new interpretations of existing regulations may increase our costs of doing business and prevent us from efficiently delivering solutions and products and expose us to potential penalties and fines.

If any of our entities is deemed by governmental authorities to be operating without appropriate permits and licenses or outside of their authorized scopes of business or otherwise fail to comply with relevant laws and regulations, we may be subject to penalties and our business and results of operation may be materially and adversely affected.

Failure to fully comply with the relevant PRC laws and regulations in respect of contributions to various employee benefit plans may materially and adversely affect our business, financial condition and results of operations.

Pursuant to PRC laws and regulations, we are required to participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, maternity insurance, work-related injury insurance and the housing provident fund, and to contribute to these plans and funds at the levels specified by the relevant local governmental authorities from time to time at locations where we operate our business. During the Track Record Period, we failed to make full contributions to social insurance and housing provident fund for our employees in accordance with the relevant PRC laws and regulations. The aggregate shortfall amount was approximately RMB6.0 million, RMB6.7 million and RMB13.1 million as at 31 December 2019, 2020 and 2021, respectively and relevant provision has been made in our historical financial information. Pursuant to the relevant PRC laws and regulations, the under-contribution of social insurance within a prescribed period may subject us to a daily overdue charge of 0.05% of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount. Pursuant to the relevant PRC laws and regulations, if there is any failure to pay the full amount of housing provident fund as required, the competent authority 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. See “Business—Employees” in this prospectus.

As at the Latest Practicable Date, we had not received any notice or administrative penalty from the local authorities or any material claim from our current and former employees regarding our non-compliance as disclosed above. We cannot assure you that the relevant local authorities will not impose new requirements on us according to laws, regulations or local policies published by the relevant authorities from time to time in the future. In the event that the relevant

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authorities later strengthen the enforcement of the relevant laws and regulations on social insurance and housing provident fund in respect of our subsidiaries within their jurisdictions and accordingly consider it necessary to make retrospective contribution to social insurance fund and housing provident fund contributions and impose penalties, our business, financial condition and operating results may be materially and adversely affected.

Our results of operations, financial conditions and prospects may be adversely affected by the recoverability of our trade and notes receivables.

Our trade and notes receivables primarily consist of outstanding amounts payable by third parties for solutions and products delivered in the ordinary course of our business. As at 31 December 2019, 2020 and 2021, our trade and notes receivables were RMB19.5 million, RMB28.7 million and RMB81.9 million, respectively. Delays or failures in payments by our clients may affect our cash flow and ability to meet working capital requirements. Trade receivables are generally settled in accordance with the terms of the respective contracts. Our average trade and notes receivables turnover days were 39 for 2019, 49 for 2020 and 67 for 2021. See “Financial Information—Discussion of Certain Items from the Consolidated Statements of Financial Position—Current Assets and Current Liabilities—Trade and Notes Receivables” in this prospectus.

Credit risk for trade and notes receivables arises when our clients default on their contractual obligations which may result in financial losses to our Company. Although we take measures to minimize the credit risk and maintain a policy that all clients who wish to trade on credit terms are subject to credit verification procedures, we cannot assure you that we are or will be able to accurately assess the creditworthiness of each of our clients before entering into agreements or extending credit terms, nor can we guarantee that each of these clients will be able to strictly follow and enforce the payment schedules provided in the agreements. Any inability of our clients 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.

If we fail to perform our contracts with clients, we could be subject to contractual liability which may in turn harm our reputation and adversely affect our results of operations, liquidity and financial position.

We contract with our clients to provide a wide range of solutions and products such as Growth and Investment Decision Solutions, Data-driven Marketing Solutions and SaaS products. Our contract liabilities refer to short-term advances received before these services are rendered. During the Track Record Period, as at 31 December 2019, 2020 and 2021, we had contract liabilities of approximately RMB9.1 million, RMB12.7 million and RMB22.9 million, respectively. See “Financial Information—Discussion of Certain Items from the Consolidated Statements of Financial Position—Current Assets and Current Liabilities—Other Payables and Accruals” in this prospectus. There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities. If we are not able to fulfill our obligations, the amount of contract liabilities will not be recognized as revenue, and we may have to return the advance payments made by our clients, which will adversely affect our results of operations, liquidity and financial position.

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In addition, the solutions and products that we offer are complex and subject to contractual terms, and any failure to perform in accordance with contracts on our part could result in our clients suing us for breach of contract as well as other severe consequences. For example, we made representations and warranties in respect of the truthfulness, completeness and accuracy of our data insights in our contracts as required by some clients. Pursuant to the relevant contracts, we are liable for breach of these representations and warranties. See “Business—Our Business Segments—Data Insight Solutions—Key Terms of Arrangements with Our Data Insight Solutions Clients” in this prospectus. Our failure to perform our contracts in time or at all may subject us to contractual liabilities and our reputation, business, financial condition and results of operations may be materially and adversely affected.

If we are not able to maintain and enhance our brand and reputation, our business, results of operations and financial condition may be adversely affected.

We believe that maintaining and enhancing our brand name and enhancing our reputation, solutions and products is critical to achieving widespread acceptance of our solutions and products, enhancing our relationships with our clients and strengthening our ability to attract new clients. The successful promotion of our brand will depend largely on our continued marketing efforts, ability to continue to offer high quality solutions and products, our ability to maintain relationships with clients and our ability to successfully differentiate our solutions and products from those of our competitors. Any malicious or inadvertent negative allegations made by the media or third parties about us, including but not limited to our shareholders, management, business, financial condition or prospects could severely harm our reputation, business and results of operations. The promotion of our brand also requires us to make substantial expenditures. If we do not successfully maintain and enhance our brand, our business may not grow as expected, which may adversely affect our business, results of operations and financial condition.

We may not be able to detect or prevent fraud or other misconduct committed by our employees or business participants.

Our business involves a number of business participants including medical product manufacturers, retail pharmacies, hospitals, regulators, investment institutions and etc, which exposes us to potential risk of fraud or other misconduct committed by our employees and business participants in violation of our internal policies and procedures, and PRC laws and regulations. For example, attendees of our events may conduct activities or interactions that may breach the PRC anti-bribery and anti-corruption laws and regulations. Although we have adopted a series of internal control procedures to monitor the compliance during our operation, our efforts may not be sufficient to ensure that we detect and prevent all fraud or other misconduct committed by our employees or business participants. We are subject to the risk that fraud or other misconduct may have previously occurred but was undetected, or may occur in the future. This may result in fines and/or other penalties imposed on us and significant harm to our reputation, which may materially and adversely affect our business, results of operation and financial condition.

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We may undertake acquisitions, investments or other strategic alliances, which may not be successful or which may have an adverse effect on our ability to manage our business and future growth.

Our strategy includes plans to grow both organically and through acquisitions, participation in strategic alliances with other companies along healthcare insight solutions industry value chain in China. Acquisitions of companies or businesses and participation in investments or other strategic alliances are subject to considerable risks, including:

- our inability to integrate new operations, personnel, products, services and technologies into our existing business;
- unforeseen or hidden liabilities, including exposure to lawsuits associated with newly acquired companies;
- a lack of local presence and familiarity with the regulatory and business environment;
- difficulties in obtaining regulatory approvals in markets;
- failure to comply with laws and regulations as well as industry or technical standards of the markets into which we expand;
- exposure to operational, regulatory, market and geographic risks and additional capital requirements;
- our inability to generate sufficient revenue to offset the costs and expenses of acquisitions, strategic investments or other strategic alliances;
- potential loss of, or harm to, employees or client relationships; and
- the diversion of financial, personnel or other resources from our existing businesses and technologies.

We cannot assure you that our efforts to expand our business will be successful. Any of the foregoing risks could result in failure to introduce our solutions and products to the market, or significantly impair our ability to manage our business, which in turn could materially and adversely affect our business, financial condition, results of operations and prospects.

Content displayed on our websites and Media Channels may be found objectionable by PRC regulatory authorities and may subject us to penalties and other administrative actions. We may also be subject to liabilities for content available on our Media Channels that is alleged to be factually incorrect, defamatory, libelous or otherwise unlawful.

We are subject to PRC laws and regulations governing internet access and the distribution of information over the internet. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet any content that, among other things, violates PRC laws and regulations, impairs the national dignity of China or public interest or is obscene, superstitious, frightening, gruesome, offensive, fraudulent or defamatory.

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Failure to comply with these requirements may result in monetary penalties, revocation of licenses to provide internet content or other licenses, suspension of the concerned platforms and reputational harm. In addition, these laws and regulations are subject to interpretation by the relevant authorities, and it may not be possible to determine in all cases the types of content that could cause us to be held liable as an internet content provider.

Internet platform operators may also be held liable for the content displayed on or linked to its platform that is subject to certain restrictions. We may not be able to always keep internal procedures abreast of changes in the PRC Government's requirements for display of healthcare related content on our online platform. Failure to identify and prevent illegal or inappropriate content from being displayed on our platform may subject us to liability, government sanctions or loss of licenses and/or permits.

To the extent that PRC regulatory authorities find any content displayed on our platforms objectionable, they may require us to limit or eliminate the dissemination of such content on our platforms in the form of take down orders or otherwise. In addition, regulatory authorities may impose penalties on us for content displayed on or linked to our platform in cases of material violations or lacking proper license, including a revocation of our business licenses or a suspension or shutdown of our online operations. Although we have not been penalized for our content so far, in the event that the PRC regulatory authorities find the content on our platforms objectionable and impose penalties on us or take other enforcement actions, our business, results of operations and reputation may be materially and adversely affected. Moreover, the costs of compliance with these regulations may continue to increase as a result of more content uploaded or linked to our platform by our users.

Any interruptions or delays in services, either from third-parties, including data center hosting facilities and cloud computing server providers and other hardware and software vendors, or from our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, may impair the delivery of our solutions and products, and materially and adversely affect our business and results of operations.

We rely on in part third-party data center hosting facilities and cloud computing platform providers located in China. We also rely on computer hardware purchased from, software licensed from, and cloud computing platforms provided by, third parties in order to offer our solutions and products. Any damage to, or a failure of, our systems generally, including systems of our third-party platform providers, could affect delivery of our solutions and products. Any of this would create a material and adverse effect on our attrition rates and our ability to attract new clients, all of which would reduce our revenue. Our business and reputation may also be harmed if our clients, or potential clients, believe that our products and services are unreliable.

We do not control the operation of any of these facilities provided by third-party providers, which may be vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, and similar events. These facilities may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct, as well as local administrative actions, changes to legal or regulatory requirements and litigious proceedings to stop, limit or delay operations. Despite precautions taken by our third-party providers at these facilities, such as disaster recovery and business continuity arrangements, the occurrence of an act of terrorism or natural disaster, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in our services.

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Additionally, these hardware, software, data and cloud computing platforms may not continue to be available to us at reasonable prices, on commercially reasonable terms, or at all. If we lose our right to use any of these hardware, software or cloud computing platforms, this could significantly increase our expenses or otherwise result in delays in the provisioning of our services until equivalent technology is either developed by us, or, if available, is identified, obtained through purchase or license and integrated into our services. If the performance of such third parties proves unsatisfactory, or if any of them violates its contractual obligations to us, we may need to replace such third-party and/or take other remedial action, which could result in additional costs and materially and adversely affect the products and services we provide to our clients. Further, the financial condition of our third-party providers may deteriorate over the course of our contract term with them, which may also impact the ability of such third-party to provide the agreed services, and have a material adverse effect on the services we provide our clients, and our results of operations.

We rely upon effective interoperation with mobile operating systems, networks and mobile devices which are beyond our control.

We make some of our products available across a variety of mobile operating systems and devices. For example, SIC supports both computer desktop version and a mobile version. We are dependent on the interoperability of our apps with popular mobile devices and mobile operating systems that we do not control, such as Android and iOS. Any changes in such mobile operating systems or devices that decrease the functionality of our apps or give preferential treatment to competing products may materially and adversely affect usage of our services. Further, if the number of platforms for which we develop our apps increases, which is typically seen in the dynamic and fragmented mobile internet market in China, it will result in an increase in our costs and expenses. In order to deliver high-quality solutions and products, it is important that our services work well across a range of mobile operating systems, networks, and mobile devices which standards that we do not control. If it becomes difficult for our users to access and use our solutions and products, particularly on their mobile devices, our user growth and user engagement could be harmed, which in turn may adversely affect our business, financial condition and results of operations.

We have limited insurance coverage.

We face various risks in connection with our businesses. During the Track Record Period, we had not maintained insurance policies which cover potential losses or damages in respect of our operations including our servers, computers and other properties owned by us. We do not maintain third party insurance in respect of our operations as it is neither industry practice nor a mandatory requirement under PRC law. We believe that our insurance practice is consistent with coverage for other companies in our industry in China. We may be held liable for losses, damages or injuries caused to third parties or their properties by an accident caused by us. See “Business—Insurance” in this prospectus. The occurrence of certain events including explosions and fire may result in an interruption to our operations and cause substantial losses or liabilities. If we incur substantial losses or liabilities and our insurance coverage is unavailable or inadequate to cover such losses or liabilities, our financial condition and results of operations may be materially and adversely affected.

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We may be subject to intellectual property infringement claims brought against us by others.

As we face increasing competition and as litigation becomes more common in China in resolving commercial disputes, we face a higher risk of being subject to intellectual property infringement claims. A successful infringement claim against us could result in monetary liability or a material disruption in the conduct of our business. Although we require our employees not to infringe others' intellectual property, we cannot be certain that our solutions and products, content and brand name do not or will not infringe on valid patents, trademarks, copyrights or other intellectual property rights held by third parties. We may be subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business.

We may incur substantial expenses in defending against third-party infringement claims, regardless of their merit. As a result, due to diversion of management time, expenses required to defend against any claim and the potential liability associated with any lawsuit, any significant litigation could significantly harm our business, financial condition and results of operations. If we were found to have infringed the intellectual property rights of a third party, we could be liable to that party for license fees, royalty payments, lost profits or other damages, and the owner of the intellectual property may be able to obtain injunctive relief to prevent us from using the technology, software or brand name in the future. If the amount of these payments were significant, if we were prevented from incorporating certain technology or software into our solutions and products or if we were prevented from using our brand name, our business could be significantly harmed.

We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, results of operations and financial condition.

Our success depends, in part, on our ability to protect our brand and the proprietary methods and technologies that we develop under trademarks, copyrights, patents and other intellectual property laws in China so that we can prevent others from using our intellectual properties and proprietary information. As at the Latest Practicable Date, we had 188 registered trademarks, 98 registered copyrights for software products, eight registered copyrights for works, 11 patents and 43 registered domain names. We also had 15 trademarks and 31 patents which were under application for registration in the PRC that we believe are material to our business. See “Business—Intellectual Property” in this prospectus and “Statutory and General Information—B. Further Information about Our Business—2. Intellectual Property of Our Group” in Appendix IV to this prospectus. There can be no assurance that any intellectual property that have been issued or that may be issued in the future will provide significant protection for our intellectual property. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology and our business, results of operations and financial condition may be adversely affected.

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There can be no assurance that the particular forms of intellectual property protection that we seek, including business decisions about when to file trademark applications and copyrights applications, will be adequate to protect our business. We may have to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights, determine the validity and scope of our proprietary rights or those of others, or defend against claims of infringement or invalidity. Such litigation could be costly, time-consuming and distracting to management, result in a diversion of significant resources, the narrowing or invalidation of portions of our intellectual property and have an adverse effect on our business, results of operations and financial condition. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights or alleging that we infringe the counter claimant's own intellectual property. Any of our trademarks, copyrights or other intellectual property rights could be challenged by others or invalidated through administrative process or litigation.

We protect our intellectual property through a combination of copyright, trademark, patent, trade secret and other intellectual property laws as well as confidentiality agreements with our employees, suppliers, clients and others. The agreements we enter into with our employees also provide that all inventions, developments, works of authorship and other intellectual properties created by them during the course of their employment are our property. These agreements may not effectively prevent disclosure of our confidential information, and it may be possible for unauthorized parties to copy our software or other proprietary technology or information, or to develop similar software independently with us lacking an adequate remedy for unauthorized use or disclosure of our confidential information. In addition, others may independently discover our trade secrets and proprietary information, and in these cases we would not be able to assert any trade secret rights against those parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

We cannot be certain that our means of protecting our intellectual property and proprietary rights will be adequate or that our competitors will not independently develop similar technology. If we fail to meaningfully protect our intellectual property and proprietary rights, our business, results of operations and financial condition could be adversely affected.

We rely on third-party platforms to offer online store staff training services.

Certain of our Media Channels such as The Pharmacy Folks allow retail pharmacy staff to watch online training videos through a leading online video platform in the PRC. During the Track Record Period and up to the Latest Practicable Date, we were not able to obtain the Audio-Visual License because only a wholly state-owned enterprise or a state-controlled enterprise can apply for the Audio-Visual License. We offer our videos through a leading online video platform in the PRC that holds the Audio-Visual License by redirecting those employees and playing educational videos on its platform. We cannot assure you that we will be able to continue to offer our videos through this online video platform or be able to offer our videos through other third-party online video platforms available on the market in the future. In addition, we cannot assure you that we will be able to negotiate commercially acceptable terms with these third-party platforms. Therefore, any of the above events may adversely affect our business, financial condition and results of operations.

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Our financial assets at fair value through profit or loss are subject to uncertainties in accounting estimates. Fluctuations in the changes in fair value of our financial assets and liabilities would affect our business, financial condition and results of operations.

During the Track Record Period, we invested in unlisted investments, which represented certain financial products issued by commercial banks in China. As at 31 December 2019, 2020 and 2021, our financial assets at fair value through profit or loss amounted to RMB181.0 million, RMB356.7 million and RMB373.4 million, respectively. The fair value changes of our investments measured at fair value through profit or loss may negatively affect our financial performance. In the application of our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Therefore, actual results may differ from these accounting estimates. See “Accountant’s Report—Note 20” in Appendix I to this prospectus. As such, we believe that our financial assets at fair value through profit or loss are subject to the accounting estimates and judgments and therefore warrant particular attention. If the fair value of our financial assets at fair value through profit or loss were to fluctuate, our business, financial condition and results of operations could be materially adversely affected.

We may be unable to obtain future financing on favorable terms, or at all, to fund expected capital expenditure, potential opportunistic acquisitions and working capital requirements.

We may at some stage in the future require funding for capital expenditure, potential opportunistic acquisitions or working capital requirements. The actual amount and timing of future financing may depend on several factors, among others, new business opportunities, opportunities for inorganic growth, regulatory changes, economic conditions, technological changes and market developments. Our sources of additional funding, if required, may include the incurrence of debt or the issue of equity or debt securities or a combination of both. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and this could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations.

Similarly, our working capital requirements may increase due to various factors including growth in our businesses. In case there are insufficient cash flows to meet our working capital requirements or we are unable to arrange the same from other sources or there is delay in disbursement of arranged funds, it may adversely affect our operations and profitability. These factors may result in borrowings and if there is any increase in the interest rates for such borrowings, it may adversely affect our operations and profitability. A disproportionate increase in our working capital requirements may result in us incurring borrowing costs, which may have a material and adverse effect on our financial condition and results of operations.

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Further, our ability to arrange for additional funds on acceptable terms is subject to a variety of uncertainties, including our future financial condition, results of operations and cash flows; economic, political conditions and market demand for our solutions and products; costs of financing, liquidity and overall condition of financial and capital markets in China and internationally; receipt of applicable business licenses, approvals and other risks associated with our businesses; and limitations on our ability to raise capital in capital markets and conditions of China and other capital markets. Any such inability could have a material and adverse effect on our business and results of operations.

We face certain risks relating to the real properties that we lease.

As at the Latest Practicable Date, we did not own any properties and leased (i) 18 units located in Guangzhou, Guangdong province with an aggregate gross floor area of approximately 3,302.4 sq.m. and (ii) six units with an aggregate gross floor area of approximately 488.3 sq.m. in Beijing which were used for office purposes. In the unlikely event that the property owners refuse to renew our lease, we cannot assure you that suitable alternative locations are readily available on commercially reasonable terms, or at all, and if we are unable to relocate our operations in a timely manner, our operations may be affected.

Our lessors are required to comply with various laws and regulations to enable them to lease effective titles of their properties for our use. Failure to do so may subject the lessors to monetary fines or other penalties and may lead to the invalidation or termination of our leases by competent government authorities, and therefore may adversely affect our ability to use the leased properties.

As at the Latest Practicable Date, the lease agreements for ten of our leased properties had not been registered with the PRC governmental authorities as required by PRC laws. Although the failure to do so does not in itself invalidate the leases, we may be ordered by the PRC governmental authorities to rectify such non-compliance and, if such non-compliance were not rectified within a given period of time, we may be subject to fines imposed by PRC governmental authorities ranging from RMB1,000 and RMB10,000 for each of our lease agreements that have not been registered with the relevant PRC governmental authorities. See “Business—Properties” in this prospectus.

As at the Latest Practicable Date, we are not aware of any regulatory or governmental actions, claims or investigations being contemplated or any challenges by third parties to our use of our leased properties or those lease agreements which have not been registered with the governmental authorities. However, we cannot assure you that the governmental authorities will not impose fines on us due to our failure to register any of our lease agreements, which may negatively impact our financial condition.

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Our failure to provide high-quality client services may materially and adversely impact our brand, business, financial condition, and results of operations.

We believe our focus on client services and support is critical to attracting new clients, retaining existing clients and growing our business. We have invested in training our client support team and improving the quality of our client services. However, our client services team may not be able to maintain a high standard for themselves going forward for reasons such as budgetary constraints and employee losses, which could adversely affect our reputation and ability to retain and bring in clients.

We may not be able to conduct our sales and marketing cost-effectively and we are subject to limitations in promoting our business.

Due to the technical nature of solutions and products, we mainly rely on our direct sales to conduct sales and marketing activities and drive sales of our solutions and products. If we fail to conduct our sales and marketing activities in a cost-effective way, we may incur considerable marketing expenses, which could adversely affect our business and operating results. Additionally, our brand promotion and marketing activities may not be well received by clients and may not result in the levels of sales that we anticipate. Meanwhile, marketing approaches and tools in the market for our solutions and products to the healthcare insights value chain in China are evolving, which may further require us to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and client preferences. Failure 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.

We may be involved in legal proceedings and commercial or contractual disputes, which could have a material and adverse effect on our business, financial condition and results of operations.

We may be involved in legal proceedings and commercial or contractual disputes in the ordinary course of our business. We cannot assure you that we will not be involved in various legal and other disputes in the future, which may expose us to additional risks and losses. In addition, we may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our core business. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may have a material and adverse effect on our reputation and our financial condition, results of operations and prospects.

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The COVID-19 pandemic presents challenges to our business and the effects of the pandemic could adversely affect our business, financial condition and results of operations.

Since December 2019, a novel strain of coronavirus, later named COVID-19, has severely impacted China and many other countries and the global economy, resulting in lockdowns, travel restrictions, closures of workplaces and facilities, quarantines and other related measures imposed by the PRC Government and other countries around the world. The COVID-19 pandemic, as well as the restrictions imposed and actions taken by the national and local governments and society as a whole in response to the COVID-19 pandemic, could present significant challenges and uncertainties.

In response to the outbreak of COVID-19, we canceled or postponed certain in-person events and large-scale events of our Data-driven Publications and Events. In particular, we canceled a semi-annual Retail Sales Event which was originally scheduled to be held in the first half of 2020 resulting in an estimated loss of approximately RMB5 million in revenue and postponed our Merchandise Trading Event from March to June in 2020. These events generally resumed in 2021 but our 2021 Industry Prospect Event was postponed from August to September. In response to domestic travel restrictions and other government measures amidst a surge of COVID-19 cases in the first quarter of 2022, we also postponed the 2022 Merchandise Trading Event that was normally scheduled to be held in March to the end of May. We have also postponed other offline events, such as precision marketing campaigns launched in pharmacy stores, on-site training and other smaller scale events, and rearranged for some of them to be held online instead. Although the Chinese economy has been recovering steadily from the impact of COVID-19 since the second half of 2020, any recurrence of the COVID-19 outbreak in China, such as the recurrence of COVID-19 around the end of 2020 and the first quarter of 2022, or continuance of the outbreak in other parts of the world could adversely impact our business operations or the business operations of our clients and therefore in turn have an adverse impact on our business, results of operations and financial condition.

Failure to contain the further spread of COVID-19 will prolong and exacerbate the general economic downturn. While the potential impact and duration of the COVID-19 pandemic on the global economy and our business in particular may be difficult to assess or predict, the pandemic has resulted in, and may continue to result in, significant disruption of global financial markets, which may reduce our ability to access capital or our clients' ability to pay us, which could negatively affect our liquidity. Our business operations could be disrupted if any of our employees is suspected of having these or any other epidemic disease, since it could require our employees to be quarantined and/or our offices to be closed for disinfection or other remedial measures. There remains substantial uncertainties about the dynamic of the COVID-19 pandemic, which may have potential continuing impacts on subsequent periods if the pandemic and the resulting disruption were to extend over a prolonged period. To the extent the global spread of COVID-19 and deterioration cannot be contained, the risks and uncertainties set forth in this prospectus may be exacerbated or accelerated at a heightened level. In order to facilitate the recovery of the economy of the PRC from the outbreak of COVID-19 pandemic, the PRC Government implemented a series of policies to stimulate economic growth and for corporate relief in 2020. Pursuant to the applicable policies, we were entitled to social insurance premium exemptions and COVID-19-related rent concessions. These exemptions and concessions were non-recurring in nature and may be terminated after the end of the COVID-19 pandemic. For

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more information on the impact of the COVID-19 pandemic on our business, see “Summary—Recent Developments—Impact of the COVID-19 Outbreak” in this prospectus.

Natural disasters, diseases, terrorist attacks, or armed conflicts and increased hostilities may adversely affect our physical offices, our internet access, our telecommunication networks, our technology platforms and our financial performance.

Any outbreak of communicable disease in the PRC or cities, in which we operate, could have an adverse effect on our business. If any of our employees are affected by any communicable disease outbreaks, we may be required to temporarily shut down our offices and to prohibit our employees from going to work to circumvent the spread of the disease. If such events occur, we may take a longer time and/or fail to deliver our solutions and products. Failure to meet our clients’ expectations can damage our reputation and may lead to loss of business and may affect our ability to attract new clients which in turn may adversely affect our prospects, business, operations and financial results.

Natural disasters (including earthquakes, typhoons and tsunamis), outbreak of diseases, terrorist attacks or armed conflicts and increased hostilities adversely affect the regional and global financial markets, and adversely affect our physical offices, our internet access, telecommunications networks, our technology platforms and our financial performance. There can be no guarantee that we will not be subject to any such incident in the future, and the occurrence of any of these incidents may result in a loss of business confidence or result in disruptions to our business operations, both of which may materially and adversely affect our business, financial performance and financial condition.

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

The PRC Government may determine that the Contractual Arrangements do not comply with applicable PRC laws and regulations, which may subject us to severe penalties, and our business may be materially and adversely affected.

PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in a number of business activities, including the production and publication of videos and the provision of value-added telecommunication services, such as internet information services and internet data center services, unless certain exceptions are available. In particular, under the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021 Version) (the “**Negative List**”), and other applicable PRC laws, foreign investors are prohibited from holding equity interest in any enterprise holding a Radio and Television Program Production and Operation Permit, and are not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider (except for e-commerce, domestic multi-party communications, storage-forwarding and call centers). Our Consolidated Affiliated Entities engage in the production and publication of videos during the course of their businesses and intend to be engaged in the provision of value-added telecommunication services, such as internet information services and internet data center services (including internet resources cooperation services).

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We are a company incorporated under the laws of the Cayman Islands and our PRC subsidiaries are considered foreign-invested enterprises. Accordingly, our engagement in the production and publication of videos or provision of the value-added telecommunication services, such as internet information services and internet data center services (including internet resources cooperation services) should be subject to foreign ownership restrictions under PRC laws. To ensure compliance with PRC laws and regulations, we conduct our business in China through our Contractual Arrangements. We have entered into the Contractual Arrangements, through which WFOE acquired effective control over the financial and operational policies of our Consolidated Affiliated Entities and have become entitled to all the economic benefits derived from their operations, which we are entitled to by virtue of the equity interests we hold. See “Contractual Arrangements” in this prospectus.

It is uncertain whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or, if adopted, what they would provide. If the ownership structure, contractual arrangements and businesses of our PRC subsidiaries or our Consolidated Affiliated Entities are found to be in violation of any existing or future PRC laws or regulations, or WFOE or our Consolidated Affiliated Entities fails to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures, including:

- revoking the business and operating licenses of such entities;
- shutting down our servers or blocking our website, or discontinuing or placing restrictions or onerous conditions on our operations through any transactions between WFOE and our Consolidated Affiliated Entities;
- imposing fines, confiscating the income from WFOE or our Consolidated Affiliated Entities, or imposing other requirements with which we or our Consolidated Affiliated Entities may not be able to comply;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with our Consolidated Affiliated Entities and deregistering the equity pledge of our Consolidated Affiliated Entities, which, in turn, would affect our ability to consolidate, derive economic interests from, or exert effective control over our Consolidated Affiliated Entities, or in such a way as to compel us to establish new entities, re-apply for the necessary licenses or relocate our businesses, staff and assets;
- discontinuing or restricting the operations of any related-party transactions among the relevant Consolidated Affiliated Entities we control through the Contractual Arrangements and the other members of our Group;
- restricting or prohibiting our Group from receiving the service fees under the Contractual Arrangements;
- restricting or prohibiting our use of the proceeds of this offering or other financing activities we may conduct to finance our business and operations in China, and taking other regulatory or enforcement actions that could be harmful to our business;

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- confiscating any of our income that they deem to be obtained through illegal operations;
- discontinuing or placing restrictions or onerous conditions on our operations; or
- imposing additional conditions or requirements with which we may not be able to comply.

If any of the above penalties or restrictions are imposed on us, our business, financial condition, results of operations and prospects may be materially and adversely affected. In addition, if the imposition of any of these penalties causes us to lose the rights to direct the activities of our Consolidated Affiliated Entities or our right to receive their economic benefits, we would no longer be able to consolidate such entities into our financial statements, which could materially and adversely affect our financial condition and results of operations.

Our current corporate structure and business operations may be affected by the newly enacted FIL.

On 15 March 2019, the NPC approved the FIL, which took effect on 1 January 2020. Along with the FIL, the Implementing Regulation of Foreign Investment Law (《中華人民共和國外商投資法實施條例》) promulgated by the State Council and the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of the Foreign Investment Law (《最高人民法院關於適用《中華人民共和國外商投資法》若干問題的解釋》) promulgated by the Supreme People's Court became effective on 1 January 2020. Since the FIL and its current implementation and interpretation rules are relatively new, uncertainties still exist in relation to their further application and improvement. 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 Investor(s)**”), including the following: (1) Foreign Investors establishing foreign-invested enterprises in China alone or collectively with other investors; (2) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (3) Foreign Investors investing in new projects in China alone or collectively with other investors; and (4) Foreign Investors investing through other ways prescribed by laws, regulations or guidelines of the State Council. The FIL and its current implementation and interpretation 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, it has a catch-all provision under the 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. Therefore, there can be no assurance that our control over our Consolidated Affiliated Entities through the Contractual Arrangements will not be deemed as a foreign investment in the future.

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The FIL 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 a “negative list”. The FIL provides that foreign-invested entities operating in “restricted” or “prohibited” industries will require market entry clearance and other approvals from relevant PRC governmental authorities. Pursuant to Negative List and the Catalog of Industries for Encouraging Foreign Investment (2020 Version), the production and publication of videos and value-added telecommunication services we provide or will provide fall within the prohibited and restricted categories, respectively. It remains unclear whether the “negative list” to be published pursuant to the FIL will differ from the current negative list. If our control over our Consolidated Affiliated Entities through the Contractual Arrangements is deemed as a 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 FIL, the Contractual Arrangements that allow us to have control over our Consolidated Affiliated Entities may be deemed as invalid and illegal, and we may be required to unwind the Contractual Arrangements and/or restructure our business operations, including disposing of our Consolidated Affiliated Entities, any of which may have a material and adverse effect on our business operations. In the event that our Company no longer has a sustainable business after the aforementioned unwinding of the Contractual Arrangements or disposal or such measures are not complied with, the Stock Exchange may take enforcement actions against us which may have a material and adverse effect on the trading of our Shares or even result in the delisting of our Company. See “Contractual Arrangements—Development in the PRC Legislation of Foreign Investment” in this prospectus.

Our Contractual Arrangements may not be as effective in providing control over the Consolidated Affiliated Entities as direct ownership.

We have relied and expect to continue to rely on the Contractual Arrangements to operate and conduct our operations and hold the ICP licenses and Radio and Television Program Production and Operation Permit (廣播電視節目製作經營許可證) in China. See “Contractual Arrangements” in this prospectus. The Contractual Arrangements may not be as effective in providing us with control over such businesses as a direct equity ownership structure. If we had ownership of the equity interests in our Consolidated Affiliated Entities, we would be able to exercise our rights as a direct or indirect holder of the equity interest in our Consolidated Affiliated Entities to effect changes in the board of directors of our Consolidated Affiliated Entities, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under our Contractual Arrangements, if our Consolidated Affiliated Entities, the VIE Shareholders or the Other VIE Shareholders fail to perform their respective obligations under the Contractual Arrangements, we cannot exercise the shareholders’ rights to direct such corporate action as we would if we had direct ownership of the equity interests in our Consolidated Affiliated Entities. However, under the Contractual Arrangements, we would rely on legal remedies under PRC law for breach of contract in the event that our Consolidated Affiliated Entities, the VIE Shareholders and the Other VIE Shareholders did not perform their obligations under the Contractual Arrangements. These legal remedies may not be as effective as direct ownership in providing us with control over the Consolidated Affiliated Entities.

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If the parties under the Contractual Arrangements refuse to carry out our directions in relation to everyday business operations, we will be unable to maintain effective control over the operations of our Consolidated Affiliated Entities and may lose control over the assets owned by our Consolidated Affiliated Entities. If we were to lose effective control over our Consolidated Affiliated Entities, it may negatively influence our ability to consolidate the financial results of our Consolidated Affiliated Entities with our financial results. In addition, losing effective control over our Consolidated Affiliated Entities may negatively impact our operational efficiency and brand image. Further, losing effective control over our Consolidated Affiliated Entities may impair our access to their cash flow from operations, which may reduce our liquidity.

Any failure by the Consolidated Affiliated Entities or their shareholders to perform their obligations under our Contractual Arrangements with them would have a material and adverse effect on our business.

If our Consolidated Affiliated Entities or their 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 VIE Shareholders or Sinohealth Information was to refuse to transfer their equity interests in Sinohealth Information or its subsidiaries to us or our designee if we exercise the purchase option pursuant to these 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 Contractual Arrangements contain provisions to the effect that the arbitral tribunal may award remedies over the shares and/or assets of the Consolidated Affiliated Entities, injunctive relief or order the winding up of the Consolidated Affiliated Entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, under PRC laws, these terms may not be enforceable. Also, interim remedies or enforcement order granted by overseas courts such as Hong Kong and Cayman Islands may not be recognizable or enforceable in the PRC. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts 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 our Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities, and our ability to conduct our business may be negatively affected. See “—Risks Relating to Doing Business in the PRC—Uncertainties in the

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interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us” in this section.

In addition, VIE Shareholders or the Other VIE Shareholders may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in the Consolidated Affiliated Entities and the validity or enforceability of our Contractual Arrangements. If such third party claim is supported by the court, the relevant equity interest may be obtained by a third party who is not subject to obligations under our Contractual Arrangements, which could result in a loss of the effective control over the Consolidated Affiliated Entities in question by us.

Similarly, if any of the equity interests of Consolidated Affiliated Entities is inherited by a third party with whom the Contractual Arrangements are not binding, we could lose our control over the corresponding Consolidated Affiliated Entities 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 any of our Consolidated Affiliated Entities if any of them declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

Our Consolidated Affiliated Entities contributed to part of our revenue, and hold some 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 the Consolidated Affiliated Entities to ensure the valid existence of the Consolidated Affiliated Entities and restrict the disposition of material assets or any equity interest of the Consolidated Affiliated Entities. However, in the event the equity holders of the Consolidated Affiliated Entities breach the terms of the Contractual Arrangements and voluntarily liquidate our Consolidated Affiliated Entities, or our Consolidated Affiliated Entities 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 the Consolidated Affiliated Entities, which could have a material and adverse effect on our business, financial condition and results of operations. Furthermore, if any of these Consolidated Affiliated Entities undergoes a voluntary or involuntary liquidation proceeding, its equity holders or unrelated third party creditors may claim rights to some or all of its assets, thereby hindering our ability to operate our business as well as constraining our growth.

The shareholders or owners of our Consolidated Affiliated Entities may have conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Our control over our Consolidated Affiliated Entities is based upon the Contractual Arrangements we have entered into with, among others, WFOE, our Consolidated Affiliated Entities, the VIE Shareholders and the Other VIE Shareholders. The VIE Shareholders and the Other VIE Shareholders may potentially have conflicts of interest with us and breach their contracts or undertakings with us if it would further their own interests or if they otherwise act in bad faith. We cannot assure you that when conflicts of interest arise between us on the one

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hand, and the other parties to the Contractual Arrangements in respect of our Consolidated Affiliated Entities on the other hand, the VIE Shareholders and the Other VIE Shareholders will act completely in our interests or that the conflicts of interest will be resolved in our favor. In the event that such conflicts of interest cannot be resolved in our favor, we would have to rely on legal proceedings which could result in disruption to our business and we are subject to uncertainty as to the outcome of any such legal proceedings. If we are unable to resolve such conflicts, our business, financial conditions and results of operations could be materially and adversely affected.

Our exercise of the option to acquire the equity interests in and/or the relevant assets of Consolidated Affiliated Entities may be subject to certain limitations and we may incur substantial costs.

Pursuant to the Contractual Arrangements, WFOE or its designated person(s) has the exclusive right to purchase all or any part of the equity interest in Sinohealth Information and its subsidiaries from the VIE Shareholders and Sinohealth Information, respectively, for a consideration of RMB1 or a minimum purchase price permitted under the then applicable PRC laws. The equity transfer may be subject to filings with relevant governmental authorities or their local competent branches. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authority. If the relevant PRC authorities determine that the purchase prices for acquiring such equity interests and/or assets are below the market value, they may require WFOE or its designated third party to pay corporate income tax with reference to the market value. The amount of the tax may be substantial, which could materially and adversely affect our business, financial conditions and results of operations.

The Contractual Arrangements may be subject to scrutiny by PRC tax authorities and additional tax may be imposed, which may materially and adversely affect our results of operations and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the terms of any of our Contractual Arrangements do not represent an arm's-length price and adjust any of the Consolidated Affiliated Entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could increase our tax liabilities. In addition, the PRC tax authorities may have reason to believe that our subsidiaries or Consolidated Affiliated Entities are avoiding or evading their tax obligations, and we may not be able to rectify such contravention within the time limit set by the PRC tax authorities or at all. As a result, the PRC tax authorities may impose late payment fees and other penalties on us for under-paid taxes, which could materially and adversely affect our business, financial conditions and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Changes in the PRC economic, political and social conditions, as well as governmental policies, could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Substantially all of our assets and operations are located in the PRC. As a result, our business, financial condition, results of operations and prospects are affected by the economic,

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political and legal developments in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. The PRC Government continues to exercise significant control over the economic growth of the PRC through strategically allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the PRC Government has implemented measures emphasizing the utilization of market forces in reforming the economy. These economic reform measures may be adjusted or modified or applied inconsistently from industry to industry, or across different regions of the country. As a result, some of these measures may have an adverse effect on us.

While China's economy has experienced significant growth over the past few decades, growth has been uneven across different regions and economic sectors and there is no assurance that such growth can be sustained or is sustainable. The growth rate of the Chinese economy has gradually slowed since 2010, and there is considerable uncertainty with respect to the ongoing impact of COVID-19 on the Chinese and global economies. Any prolonged slowdown in the Chinese economy may reduce our clients' demand for our solutions and products and materially and adversely affect our business and results of operations. Furthermore, any adverse changes in the policies of the PRC Government or in the laws and regulations in China could have a material and adverse effect on the overall economic growth of China. Such developments could adversely affect our business and results of operations, lead to reduction in demand for our solutions and products and adversely affect our competitive position.

In addition, economic conditions in China are sensitive to global economic and political conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. An unfavorable financial or economic environment in recent years, including as a result of continued global financial uncertainties and the tension of trade war between China and the United States, have had and may continue to have an adverse impact on investors' confidence and financial markets in China. Such volatile market conditions as a result of international politics may create lasting impacts to the industries our clients operate in and negatively affecting their demand for our solutions and products. Moreover, concerns over capital market volatility, issues of liquidity, inflation, geopolitical issues, the availability and cost of credit and concerns about the rate of unemployment have resulted in adverse market conditions in China. The underlying difficulty in forecasting the direction and strength of economic cycles, as well as social conditions continue to impede our ability to predict future demands for our solutions and products. Any severe or prolonged slowdown or instability in the global or China's economy may materially and adversely affect our business, financial condition and results of operations.

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 a civil law system and its laws and regulations are based on written statutes, and past court judgments may be cited only for reference. Since 1979, the PRC Government has committed to developing and refining its legal system and has achieved significant progress in the development of its laws and regulations governing economic matters,

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such as in foreign investment, company organization and management, business, tax and trade. However, the PRC has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, the interpretation and enforcement of these laws and regulations involve uncertainties. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection available to you and us.

Furthermore, the PRC legal system is based in part on governmental policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of any 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.

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 predict the outcome of administrative and court proceedings and to evaluate the level of legal protection we enjoy compared with more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business and results of operations.

The M&A Rules and certain other PRC regulations establish 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.

The M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that foreign investors should submit a declaration to MOFCOM in advance of any change-of-control transaction in which a foreign investor acquires control of a PRC domestic enterprise and involves any of the following circumstances: (i) any important industry is concerned; (ii) such transaction involves factors that impact or may impact national economic security; or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. We do not expect that any of our merger and acquisition activity will trigger the requirement to submit such declaration to MOFCOM under each of the above-mentioned circumstances or any review by other PRC government authorities. Moreover, the Anti-Monopoly Laws (《中華人民共和國反壟斷法》) promulgated by the Standing Committee of the NPC which became effective in 2008 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by MOFCOM before they can be completed. In addition, Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors of MOFCOM (《商務部實施外國投資者併購境內企業安全審查制度的規定》), effective in September 2011, requires acquisitions by foreign investors of PRC companies engaged in certain industries that are crucial to national security be subject to security review before consummation of any

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such acquisition. We may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Certain judgments obtained against us by our Shareholders may not be enforceable.

We are an exempted company incorporated in the Cayman Islands while substantially all of our assets are located in China and all of our current operations are conducted in China. In addition, a majority of our current directors and officers are PRC nationals and residents in China. As a result, it may be difficult or impossible for you to effect service of process upon us or these persons within Hong Kong or the PRC, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise. In addition, as there are no clear statutory and judicial interpretations or guidance on a PRC court's jurisdiction over cases brought under foreign securities laws, it may be difficult for you to bring an original action against us or our PRC resident officers and directors in a PRC court based on the liability provisions of non-PRC securities laws. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

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

Under the PRC Corporate 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 corporate 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 management of the business, personnel, accounts and properties of an enterprise. In April 2009, the SAT issued Circular of the State Administration of Taxation on Issues Concerning the Identification of Chinese-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the Actual Standards of Organizational Management (《稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (the “**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 like our Company and our non-PRC subsidiaries, 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 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 corporate income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and HR

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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 none of our entities outside of China are 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”. As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that we or any of our subsidiaries outside of China is a PRC resident enterprise for PRC corporate income tax purposes, then we or such subsidiary could be subject to PRC tax at a rate of 25% on its world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC corporate income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for corporate income tax purposes, gains realized on the sale or other disposition of our ordinary shares may be subject to PRC 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), if such gains are deemed to be from PRC sources. It is unclear whether our non-PRC Shareholders 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.

Dividends payable by us to our foreign investors and gains on sale of our Shares may be subject to withholding tax under the PRC tax laws.

Under the CIT Law and its implementation rules, we might be deemed as a PRC resident enterprise by the PRC tax authorities for tax purposes. As a result, dividends payable by us and gains obtained from sales of our Shares will be subject to PRC withholding tax since such income may be regarded as PRC-sourced income. Under these circumstances, aforementioned dividends and gains obtained by our foreign corporate Shareholders, who are not deemed as PRC resident enterprises, may be subject to a 10% withholding income tax under the CIT Law, unless any such foreign corporate Shareholder is qualified for a preferential tax rate under relevant tax treaties.

If the PRC tax authorities deem us to be a PRC resident enterprise, Shareholders who are not PRC tax residents and seek to enjoy preferential tax rates under relevant tax treaties need to apply to the PRC tax authorities to be recognized as eligible for such benefits in accordance with the Announcement of the SAT on Issuing the Administrative Measures for Non-resident Taxpayers' Enjoyment of Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》) (the “**Circular 35**”), which was issued on 14 October 2019 and came into effect on 1 January 2020. According to the Circular 35, if non-resident taxpayers determine through self-assessment that they are eligible for treaty benefits, they may enjoy tax treaty benefits when filing tax returns, or when withholding agents file withholding returns, they should collect and retain relevant materials for review in accordance with Circular 35 and accept the follow-up administration of tax authorities. However, if determined to be ineligible for the abovementioned tax treaty benefits, gains obtained from sales of our Shares and dividends on our Shares paid to such Shareholders would be subject to higher PRC tax rates. In such cases, the value of such foreign shareholders' investment in our Shares sold in the Global Offering may be materially and adversely affected.

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The heightened scrutiny over acquisitions from the PRC tax authorities may have an adverse impact on our business or our acquisition or restructuring strategies.

On 3 February 2015, the SAT promulgated the Public Announcement on Several Issues Concerning Corporate Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the “**SAT Circular 7**”), which provides comprehensive guidelines relating to, and heightened the PRC tax authorities’ scrutiny on indirect transfers, by a non-resident enterprise, of assets (including equity interests) of a PRC resident enterprise. See “Regulatory Overview” in this prospectus.

There is uncertainty as to the application of the SAT Circular 7. The SAT Circular 7 may be determined by the tax authorities to be applicable to our offshore restructuring transactions or sale of the shares of our offshore subsidiaries, where non-resident enterprises being transferors were involved. Furthermore, we, our non-resident enterprises and PRC subsidiaries may be required to spend valuable resources to comply with the SAT Circular 7 or to establish that we and our non-resident enterprises should not be taxed under the SAT Circular 7 for our previous and future restructuring or disposal of shares of our offshore subsidiaries, which may have a material and adverse effect on our financial condition and results of operations.

We may be subject to penalties, including restriction on our ability to inject capital into our PRC subsidiaries and our PRC subsidiaries’ ability to distribute profits to us, if our PRC-resident Shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations.

The SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with and obtain approval from local branches of the SAFE in connection with their direct or indirect offshore investment activities. The Circular 37 was promulgated by the SAFE in July 2014 which requires PRC residents or entities to register with the SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. These regulations apply to our Shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the local branch of the SAFE, with respect to that offshore company, to reflect any material change involving its round-trip investment, capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger or division. If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing its profits and the proceeds from any reduction in capital, share transfer or liquidation to its offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

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We have requested PRC residents holding direct or indirect interest in our Company to our knowledge to make the necessary applications, filings and amendments as required by applicable foreign exchange regulations. However, we may not be fully informed of the identities of all our Shareholders or beneficial owners who are PRC residents and, therefore, we may not be able to identify all our Shareholders or beneficial owners who are PRC residents to ensure their compliance with the Circular 37 or other related regulations. In addition, we cannot provide any assurance that all of our Shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with other requirements required by the Circular 37 or other related regulations in a timely manner. Failure by any such Shareholders to comply with the Circular 37 or other related regulations could subject us to fines or legal sanctions, restrict our investment activities in the PRC and overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions, pay dividends or other payments to us or affect our ownership structure, which could materially and adversely affect our business and prospects.

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

Any funds we transfer to the relevant PRC subsidiaries, either as a Shareholder loan or as an increase in registered capital, are subject to approval by or registration or filing with relevant governmental authorities in China. According to the relevant PRC laws and regulations on foreign-invested enterprises in China, capital contributions to our PRC Subsidiaries are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System (“**FICMIS**”), and registration with other governmental authorities in China. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local branches; and (ii) each of our PRC subsidiaries may not procure loans which exceed the difference between its registered capital and its total investment amount as recorded in FICMIS. Any medium or long term loan to be provided by us to our PRC subsidiaries must be recorded and registered by the NDRC and the SAFE or its local branches. We may not be able to complete such recording or registration on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such recording or registration, our ability to use the proceeds of this offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On 30 March 2015, the SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of the Foreign Exchange Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “**SAFE Circular 19**”). SAFE Circular 19 took effect on 1 June 2015. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capital of foreign-invested enterprises and allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using Renminbi funds converted from their foreign exchange capital for expenditure beyond their business scope. On 9 June 2016, the SAFE promulgated the Circular 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》) (“the **SAFE Circular 16**”). SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using Renminbi

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funds converted from their foreign exchange capital for expenditure beyond their business scope, investing and financing (except for securities investment or non-guaranteed bank products), providing loans to non-affiliated enterprises, or constructing or purchasing real estate not for self-use. On 23 October 2019, the SAFE promulgated the Circular on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (the “**SAFE Circular 28**”). SAFE Circular 28 intends to lift the restrictions on the domestic equity investment by foreign-invested enterprises which are not investment enterprises with their capital funds, and loosen the restriction on the use of foreign exchange settlement funds. However, our ability to transfer to and use in China the net proceeds from this offering shall still be subject to the restrictions under the relevant PRC laws and regulations, which may adversely affect our business, financial condition and results of operations.

Failure to comply with PRC laws and regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the participants of the Share Option Scheme or us to fines and other legal or administrative sanctions.

In February 2012, the SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies (《境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the “**SAFE Circular 7**”), replacing the previous rules issued by the SAFE in March 2007. Under SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly listed company are required to register with the SAFE or its local branches and complete certain other procedures. Participants in a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. In addition, Circular 37 stipulates that PRC residents who participate in a share incentive plan of an overseas non-publicly listed special purpose company may register with the SAFE or its local branches before they exercise the share options. We and our PRC employees who will be granted share options pursuant to the Share Option Scheme are subject to these regulations. Failure of our PRC share option holders in connection to the Share Option Scheme to complete their SAFE registrations may subject these PRC residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries’ ability to distribute dividends to us, or otherwise materially and adversely affect our business.

The SAT has also issued relevant rules and regulations concerning employee share incentives. Under these rules and regulations, our employees working in the PRC will be subject to PRC individual income tax upon exercise of the share options pursuant to the Share Option Scheme. Our PRC subsidiaries have obligations to file documents with respect to the granted share options with relevant tax authorities and to withhold individual income taxes for their employees upon exercise of the share options. If our employees fail to pay or we fail to withhold their individual income taxes according to relevant rules and regulations, we may face sanctions imposed by the competent governmental authorities.

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We face foreign exchange risk, and fluctuations in exchange rates could have an adverse effect on our business and investors' investments.

The value of Renminbi against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates and is subject to changes resulting from 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 governmental policies may impact the exchange rate between the Renminbi 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 Renminbi exchange rates and achieve policy goals.

Our revenue and costs are mostly denominated in Renminbi, and a significant portion of our financial assets are also denominated in Renminbi. We rely entirely on dividends and other fees paid to us by our PRC subsidiaries. The proceeds from the Global Offering will be received in Hong Kong dollars. Any significant change in the exchange rate of the Hong Kong dollar against Renminbi may materially and adversely affect the value of, and any dividends payable on, our Shares in Hong Kong dollars. For example, a further appreciation of Renminbi against the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert Hong Kong dollars into Renminbi for such purposes. An appreciation of Renminbi against the Hong Kong dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our Hong Kong dollar denominated financial assets into Renminbi, as Renminbi is the functional currency of our PRC subsidiaries inside China. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payment of dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would lessen the amount of the Hong Kong dollars available.

The PRC Government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares.

The PRC Government imposes stringent controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our net revenue in Renminbi. Under our current corporate structure, our Company in the Cayman Islands relies on dividend payments from our PRC subsidiaries, to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE, by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation. However, approval from or registration with appropriate governmental authorities is required where Renminbi 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.

In light of the flood of capital outflows, the PRC Government has imposed more restrictive foreign exchange policies and stepped up scrutiny of major outbound capital movement. More restrictions and a substantial vetting process have been put in place by SAFE to regulate cross-border transactions falling under the capital account. The PRC Government may at its

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discretion further restrict access to foreign currencies in the future for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, 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 Renminbi into or out of China.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile.

Prior to the Global Offering, no public market for our Shares existed. The initial Offer Price range for our Shares was the result of negotiations among us and the Sole Representative (for itself and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied for the listing of and permission to deal in our Shares on the Stock Exchange. There is no assurance that the Global Offering will result in the development of an active, liquid public trading market for our Shares. Factors such as variations in our revenue, earnings and cash flows or any other developments may affect the volume and price at which our Shares will be traded.

The liquidity, trading volume and market price of our Shares following the Global Offering may be volatile.

The price at which our Shares will trade after the Global Offering will be determined by the marketplace, which may be influenced by many factors, some of which are beyond our control, including:

- our financial results;
- changes in securities analysts' estimates, if any, of our financial performance;
- the history of, and the prospects for, our Group and the industry in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenue and cost structures such as the views of independent research analysts, if any;
- the present state of our development;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;
- general market sentiment regarding the healthcare insight solutions industry and companies;
- changes in laws and regulations in China;
- our inability to compete effectively in the market; and
- political, economic, financial and social developments in China and worldwide.

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In addition, the trading volume and 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 China-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 China-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, and may result in losses on your investment in our Shares.

Because the initial public Offer Price per Share is higher than the net tangible book value per Share, purchasers of our Shares in the Global Offering will experience immediate dilution, and may experience further dilution in the future.

The Offer Price of our Offer Shares is higher than the net tangible book value per Share immediately prior to the Global Offering. Therefore, purchasers of our Offer Shares in the Global Offering will experience an immediate dilution in pro forma adjusted consolidated net tangible asset value of (i) HK\$1.87 per Share (assuming an Offer Price of HK\$5.36 per Share, being the low-point of our Offer Price range), or (ii) HK\$2.14 per Share (assuming an Offer Price of HK\$6.96 per Share, being the high-point of our Offer Price range), and existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per share of their shares. If we issue Shares in the future, purchasers of our Offer Shares may experience further dilution.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, Controlling Shareholders and the Pre-IPO Investors, could adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, Controlling Shareholders and the Pre-IPO Investors, 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 and the Pre-IPO Investors are subject to certain lock-up periods beginning on the date of this prospectus. However, we cannot assure you that they will not dispose of any Shares after the expiry of their lock-up periods or in the future.

The interest of our Controlling Shareholders may differ from your interests and they may exercise their vote to the disadvantage of our minority 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. Following the completion of the Global Offering (but without taking into account any

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Shares to be issued upon the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme), our Controlling Shareholders will own approximately 59.7750% of our Shares. 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. 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 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.

Since there will be a gap of several days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall during the period before trading of our Shares begins.

The Offer Price of our Offer 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 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 adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

Prior dividend distributions are not an indication of our future dividend policy.

No dividend had been declared and paid by us for the years ended 31 December 2019 and 2020. On 27 January 2021, Sinohealth Information declared and approved a dividend of RMB120.1 million to its then shareholders. Any future dividend declaration and distribution by our Company will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our Articles of Association and Cayman Island laws, including (where required) approval from our Shareholders and our Directors. In addition, our future dividend payments will depend upon the availability of dividends received from our subsidiaries. As a result of the above, we cannot assure you that we will make any dividend payments on our Shares in the future with reference to our historical dividends. See “Financial Information—Dividends” in this prospectus.

Granting options under the Share Option Scheme may affect our Group’s results of operation and dilute Shareholders’ percentage of ownership.

We have adopted the Share Option Scheme pursuant to which we may grant options in the future. The fair value of the options on the date on which they are granted with reference to the valuer’s valuation will be charged as share-based compensation, which may materially and adversely affect our operational results. Issuance of Shares for the purpose of satisfying any award made under the Share Option Scheme will also increase the number of Shares in issue after such issuance and thus may result in the dilution to the percentage of ownership of our Shareholders and the net asset value per Share. For a summary of terms of the Share Option Scheme, see “Statutory and General Information—D. Share Option Scheme” in Appendix IV to this prospectus.

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There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various Independent Third Party sources, including the industry expert report, contained in this prospectus.

This prospectus, particularly the sections headed “Business” and “Industry Overview”, contains information and statistics relating to the healthcare insight solutions market. Such information and statistics have been derived from a third-party report commissioned by us and publicly available sources, including various governmental and official publications. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. The information from various governmental and official publications has not been independently verified by us, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, 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 included in this prospectus 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. You should consider carefully the importance placed on such information or statistics.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than under Hong Kong law, you may have less protection of your shareholder rights than you would under Hong Kong law.

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Cayman Companies Act and the common law of the Cayman Islands. The rights of our Shareholders to take legal action against our Directors and us, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in other jurisdictions, such as Hong Kong. See “Summary of the Constitution of our Company and Cayman Companies Act” in Appendix III to this prospectus.

As a result of all of the above, our public Shareholders may have more difficulty in protecting their interests through actions against our management, Directors or major Shareholders than they would as public Shareholders of a corporation incorporated in Hong Kong.

RISK FACTORS

Possible setting of the Offer Price after making a Downward Offer Price Adjustment.

We have the flexibility to make a Downward Offer Price Adjustment to set the final Offer Price at up to 10% below the bottom end of the indicative Offer Price range per Offer Share. It is therefore possible that the final Offer Price will be set at HK\$4.83 per Offer Share upon the making of a full Downward Offer Price Adjustment. In such a situation, the Global Offering will proceed and the Withdrawal Mechanism will not apply. If the final Offer Price is set at HK\$4.83, the estimated net proceeds we will receive from the Global Offering will be reduced to HK\$295.7 million and such reduced proceeds will be used as described in the paragraph headed “Future Plans and Use of Proceeds—Use of Proceeds” in this prospectus.

You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

There may be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, which contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or other media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent that such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility from them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

For the purpose of the Listing, our Company has sought the following waivers in relation to certain requirements from the Listing Rules from the Stock Exchange.

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Given that our Group is headquartered in the PRC with our principal business operations located, managed and conducted in the PRC, and substantially all of our Group's assets are based in the PRC, and all of our executive Directors are not ordinarily resident in Hong Kong, it would be practically difficult and commercially unfeasible for us to either relocate two of our executive Directors to Hong Kong or to appoint two additional executive Directors who are ordinarily resident in Hong Kong in order to comply with the requirements under Rule 8.12 of the Listing Rules. Accordingly, our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from compliance with the requirements under Rule 8.12 of the Listing Rules on the following conditions:

- (a) our Company will appoint two authorized representatives pursuant to Rule 3.05 of the Listing Rules, namely, Mr. Wu, an executive Director and Ms. Zhang Xiao (張瀟), our Company's joint company secretary, who will act as our Company's principal channel of communication with the Stock Exchange. Ms. Zhang Xiao is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the two authorized representatives is authorized by our Board to communicate on behalf of our Company with the Stock Exchange. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance, and Ms. Zhang Xiao has been authorized to accept service of legal process and notice in Hong Kong on behalf of our Company;
- (b) each of our Company's authorized representatives has means to contact all members of our Board (including the independent non-executive Directors) and of the senior management team promptly at all times as and when the Stock Exchange wishes to contact them or any of them for any matters. To enhance the communication between the Stock Exchange, the authorized representatives and our Directors, our Company will implement a number of policies whereby (i) each Director shall provide (if applicable) his/her mobile phone numbers, office phone numbers, fax numbers and email addresses to the authorized representatives; (ii) in the event that such Director expects to travel and be out of office, he/she shall provide the phone number of the place of his/her accommodation to the authorized representatives; and (iii) all our Directors and authorized representatives will provide (if applicable) their respective mobile phone numbers, office phone numbers, fax numbers and email addresses to the Stock Exchange. We shall promptly inform the Stock Exchange of any changes to the contact details of the authorized representatives of our Company and our Directors;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (c) Giraffe Capital Limited has been appointed as our Company's compliance adviser, pursuant to Rule 3A.19 of the Listing Rules, to provide our Company with professional advice on continuing obligations under the Listing Rules, and to act at all times, in addition to the two authorized representatives of our Company, as our Company's additional channel of communication with the Stock Exchange for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules and publishes its annual report in respect of its first full financial year commencing after the Listing Date. The contact person of the compliance adviser will be fully available to answer enquiries from the Stock Exchange;
- (d) each of our Directors (including independent non-executive Directors) who is not ordinarily resident in Hong Kong has confirmed that they possess or can apply for valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange in Hong Kong upon reasonable notice; and
- (e) our Company will also appoint other professional advisers (including its legal advisers in Hong Kong) after the Listing to assist our Company in addressing any enquiries which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange.

JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, our Company must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint as our company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules sets out the academic and professional qualifications considered to be acceptable by the Stock Exchange:

- (i) a member of The Hong Kong Chartered Governance Institute;
- (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and
- (iii) a certified public accountant (as defined in the Professional Accountants Ordinance).

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

- (i) length of employment with the issuer and other issuers and the roles he played;
- (ii) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

We have appointed Ms. Yi Xuhui as one of our joint company secretaries. Ms. Yi joined us as the chief financial officer of our Group and secretary of board of Sinohealth Information (being the major operating subsidiary of the Group) and is responsible for overseeing financial and accounting management, internal control and securities and compliance matters of our Group. She also assists in the coordination and organization of the Board and Shareholders' meetings. Given (i) Ms. Yi has over 20 years of experience in accounting and financial management with substantial involvement in the financial matters of our Group; (ii) she served as the director, chief financial officer and board secretary of a listed company immediately prior to joining our Group and was involved in the overview of the financial-related business, supervision of internal control mechanism and management of legal and compliance matters; and (iii) she currently serves as the secretary of the board of Sinohealth Information responsible for the information disclosure and legal compliance, she has a thorough understanding of the financial operation and corporate governance of our Group. For details of Ms. Yi's biographical information, see "Directors and Senior Management—Senior Management" in this prospectus. Ms. Yi, however, does not possess the specified qualifications required by Rule 3.28 of the Listing Rules. In addition, the principal business of our Group is conducted outside Hong Kong and therefore, there are practical difficulties in finding a company secretary who possess day-to-day knowledge of our affairs and the relevant experience specified by Rule 3.28 of the Listing Rules. Given the important role of the company secretary in the corporate governance of a listed issuer particularly in assisting the listed issuer as well as its directors in complying with the Listing Rules and other relevant laws and regulations, our Company has made the following arrangements:

- (i) Ms. Yi will endeavor to attend relevant training courses, including training courses from the Hong Kong Chartered Governance Institute, to enable her to acquire a good understanding of the relevant Hong Kong laws and regulations, including briefing on the latest changes to the applicable Hong Kong laws and regulations as well as the Listing Rules organized by our Company's Hong Kong legal advisers on an invitation basis and seminars organized by the Stock Exchange for listed issuers from time to time, in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (ii) our Company has appointed Ms. Zhang Xiao, who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules, as a joint company secretary to work closely with and to provide assistance to Ms. Yi in the discharge of her duties as a company secretary for an initial period of three years commencing from the Listing Date so as to enable Ms. Yi to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as a joint company secretary. Further assistance will also be provided from our Company's compliance adviser and Hong Kong legal advisers.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules for a three-year period from the Listing Date on the following conditions:

- (i) Ms. Yi must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and such person is appointed as a joint company secretary throughout the aforesaid three-year period; and
- (ii) the waiver can be revoked if there is any material breaches of the Listing Rules by our Company.

Before the end of the expiry of the initial three-year period, the Stock Exchange will be contacted by our Company to assess the qualifications and experience of Ms. Yi to determine whether the requirements as stipulated in Note 2 to Rule 3.28 of the Listing Rules can be satisfied. In the event that Ms. Yi has obtained relevant qualifications and experience under Note 2 to Rule 3.28 of the Listing Rules before the end of the said initial three-year period, the foregoing arrangement regarding our joint company secretaries would no longer be necessary.

WAIVER IN RELATION TO NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Chapter 14A of the Listing Rules in relation to non-exempt continuing connected transactions. Details of such non-exempt continuing connected transactions and the waiver are set out in the sections headed “Contractual Arrangements” and “Connected Transactions” in this prospectus.

CONSENT IN RELATION TO ALLOCATION OF SHARES TO A CORNERSTONE INVESTOR THROUGH AN ASSET MANAGER WHO IS CONNECTED WITH ONE OF THE UNDERWRITERS

Pursuant to paragraph 5(1) of Appendix 6 to the Listing Rules, no allocations will be permitted to “connected clients” of the lead broker or of any distributors without the prior written consent of the Stock Exchange. Paragraph 13(7) of Appendix 6 to the Listing Rules states that “connected clients” in relation to an exchange participant means any client who is a company which is a member of the same group of companies as such exchange participant. Paragraph 2.2 of Guidance Letter HKEx-GL85-16 states that “connected clients” are permitted to participate as cornerstone investors in initial public offerings subject to certain conditions set out therein.

As part of the Global Offering, Guangdong Kangshi No.1 Private Equity Investment Partnership (Limited Partnership) (廣東康石壹號私募股權投資合夥企業(有限合夥)) (“**Kangshi No.1 LP**”), as one of our cornerstone investors, has entered into a cornerstone investment agreement to subscribe for certain number of the Shares (the “**Investor Shares**”). For the purpose of the cornerstone investment, Kangshi No. 1 LLP has engaged CCB Principal Asset Management Co., Ltd. (建信基金管理有限責任公司) (“**CCB Asset**”), an asset manager which is a qualified domestic institutional investor as approved by the relevant PRC authorities (the “**QDII Manager**”), to subscribe for or purchase and hold the Investor Shares on its behalf.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

CCB Asset is a member of the same group of companies as CCB International Capital Limited (“**CCBI**”), which is a Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager of the Global Offering. Accordingly, CCB Asset is considered as a “connected client” of CCBI under paragraph 13(7) of Appendix 6 to the Listing Rules.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, its consent under paragraph 5(1) of Appendix 6 to the Listing Rules to permit participation by Kangshi No.1 LP as a cornerstone investor in the Global Offering through the QDII Manager CCB Asset subject to the following conditions set out in paragraph 4.9 of Guidance Letter HKEx-GL85-16:

1. the Offer Shares of the Company to be allocated to CCB Asset (on behalf of Kangshi No.1 LP) will be held on behalf of Kangshi No.1 LP, an Independent Third Party who is not connected to the Company for the purpose of the Listing Rules;
2. the cornerstone investment agreement entered with Kangshi No.1 LP will not contain any material terms which are more favorable to Kangshi No.1 LP than those in other cornerstone investment agreements;
3. other than the preferential treatment of assured entitlement under a cornerstone investment following the principles as set out in HKEx-GL51-13, no preferential treatment has been, nor will be, given to CCB Asset (on behalf of Kangshi No.1 LP);
4. each of the Sole Sponsor, the Company, the Joint Bookrunners, the Joint Lead Managers and CCB Asset has provided the Stock Exchange a written confirmation in accordance with HKEx-GL85-16;
5. the Sole Sponsor has provided the identity of CCB Asset and the relationship between CCBI and CCB Asset;
6. the Sole Sponsor has provided the identities of the ultimate beneficial owners of Kangshi No.1 LP who will participate as one of our cornerstone investors in the Global Offering through QDII Manager CCB Asset; and
7. details of the allocation will be disclosed in this prospectus and the Company's allotment results announcement.

For further information, see the section headed “Cornerstone Investors” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus contains 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 to the public with regard to our Company. Our Directors (including any proposed director who is named as such in this prospectus) collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus. Having made all reasonable enquiries, our Directors 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 in any material respect, and there are no other matters the omission of which would make any statement in this prospectus misleading.

PROSPECTUS ISSUED IN CONNECTION WITH HONG KONG PUBLIC OFFERING ONLY

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering.

The Hong Kong 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 Hong Kong Public 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 us, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective Directors, officers, agents, employees or advisers or any other party involved in the Global Offering.

If, for any reason, the Offer Price is not agreed between us and the Sole Representative (on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, see "Underwriting" in this prospectus.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer 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 document or imply that the information contained in this document is correct as at any date subsequent to the date of this prospectus.

INFORMATION ON THE GLOBAL OFFERING

For details of the structure of the Global Offering, including its conditions, see "Structure and Conditions of the Global Offering" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

UNDERWRITING

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. Details of the terms of the Global Offering are described in the section headed “Structure and Conditions of the Global Offering” in this prospectus.

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date. The Hong Kong Public Offering and the International Offering are subject to the agreement on the Offer Price between the Sole Representative (for itself and on behalf of the Underwriters) and us on the Price Determination Date. For details of the Underwriters and the underwriting arrangements, see “Underwriting” in this prospectus.

OVER-ALLOTMENT OPTION AND STABILIZATION

For details of the arrangement relating to the Over-allotment Option and stabilization, see “Structure and Conditions of the Global Offering” in this prospectus.

DOWNWARD OFFER PRICE ADJUSTMENT

We have reserved the right to make a Downward Offer Price Adjustment to provide flexibility in pricing the Offer Shares. The ability to make a Downward Offer Price Adjustment does not affect our obligation to issue a supplemental prospectus and to offer investors a right to withdraw their applications if there is material change in circumstances not disclosed in the prospectus.

If it is intended to set the final Offer Price at more than 10% below the low end of the indicative Offer Price range, the Withdrawal Mechanism will be applied if the Global Offering is to proceed.

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

Each person acquiring the Hong Kong Offer Shares will be required to, or be deemed by his/her acquisition of Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on offers of the Hong Kong Offer Shares described in this prospectus and that he/she is not acquiring, and has not been offered, any Hong Kong Offer Shares in circumstances that contravene any such restrictions.

No action has been taken in any jurisdiction other than Hong Kong to permit an offering of the Hong Kong Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, 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 of the Hong Kong 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.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares in issue, the Offer Shares (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), any Shares which may be issued upon the exercise of the options which have been or may be granted under the Share Option Scheme.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

None of our Shares or loan capital are listed on or dealt in any other exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, our Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Tuesday, 12 July 2022. The Shares will be traded in board lots of 500 Shares each. The stock code of the Shares will be 2361.

SHARES WILL BE ELIGIBLE FOR CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Stock Exchange and the compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement 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.

All necessary arrangements have been made for our Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek the advice of your stockbrokers or other professional advisers.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, holding or disposal of, and dealing in our Shares (or exercising rights attached to them). None of us, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective Directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Boardroom Share Registrars (HK) Limited, in Hong Kong and our Company's principal register of members will be maintained by our principal share registrar, Ogier Global (Cayman) Limited. Unless the Directors otherwise agree, all transfer and other documents of title of the Shares must be lodged for registration with and registered by the Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

Our fully-paid Shares are freely transferrable. Dealings in our Shares registered on the register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

CURRENCY TRANSLATIONS

Unless otherwise specified, amounts denominated in HK\$ have been translated, for the purpose of illustration only, into RMB or US\$, and vice versa, in this prospectus (i) at the rate of RMB1.00 to HK\$1.1649, being the SAFE rate prevailing on 27 May 2022, and (ii) at the rate of US\$1.00 to HK\$7.8484, being the exchange rate on 20 May 2022 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve Board. No representation is made that any amounts in RMB, HK\$ and US\$ can be or could have been at the relevant date converted at the above rate or any other rates or at all.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

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

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, institutions, natural persons, companies, other entities or product names included in this prospectus and for which no official English translation exists are unofficial translations for your reference only, and if there is any inconsistency, the Chinese name prevails in such cases.

ROUNDING

Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

WEBSITE

The contents of any website mentioned in this prospectus do not form a part of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wu Yushu (吳鬱抒)	Room 1219, Minjie Plaza Phase 1 No. 195 Shuixi Road Luogang District Guangzhou City Guangdong Province PRC	Chinese
Ms. Wang Lifang (王莉芳)	Room 1219, Minjie Plaza Phase 1 No. 195 Shuixi Road Luogang District Guangzhou City Guangdong Province PRC	Chinese
Non-executive Director		
Mr. Fu Haitao (付海濤)	Armed police force hospital family compound No. 268 Yanling Road Tianhe District Guangzhou City Guangdong Province PRC	Chinese
Independent non-executive Directors		
Ms. Wang Danzhou (王丹舟)	Room 0103 No. 12 Hongkou Street Huangpu Avenue Tianhe District Guangzhou City Guangdong Province PRC	Chinese
Ms. Du Yilin (杜依琳)	Room 1503, Tower C3 No. 85 Jishan Street Lingnan New World Guangzhou City Guangdong Province PRC	Chinese
Mr. Wei Bin (魏斌)	Flat G, 53/F, Tower 5 Sorrento 1 Austin Road West Kowloon Hong Kong	Chinese

See “Directors and senior management” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

**Sole Sponsor and Sole
Representative**

BNP Paribas Securities (Asia) Limited
60-63/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Joint Global Coordinators

BNP Paribas Securities (Asia) Limited
60-63/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

CCB International Capital Limited

12/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

Orient Securities (Hong Kong) Limited

28/F and 29/F
100 Queen's Road Central
Central
Hong Kong

**Joint Bookrunners and
Joint Lead Managers**

BNP Paribas Securities (Asia) Limited
60-63/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

CCB International Capital Limited

12/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

Orient Securities (Hong Kong) Limited

28/F and 29/F
100 Queen's Road Central
Central
Hong Kong

Haitong International Securities Company Limited

22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

UOB Kay Hian (Hong Kong) Limited

6/F, Harcourt House
39 Gloucester Road
Hong Kong

Guotai Junan Securities (Hong Kong) Limited

26/F-28/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Eddid Securities and Futures Limited

21/F, Citic Tower
1 Tim Mei Avenue
Central
Hong Kong

Zhongtai International Securities Limited

19/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Joint Lead Managers

Futu Securities International (Hong Kong) Limited

Unit C1-2, 13/F, United Centre
No.95 Queensway
Admiralty
Hong Kong

Innovax Securities Limited

Unit A-C, 20/F, Neich Tower
128 Gloucester Road
Wan Chai
Hong Kong

Fosun Hani Securities Limited

Suite 2101-2105, 21/F Champion Tower
3 Garden Road
Central
Hong Kong

Livermore Holdings Limited

Unit 1214A, 12/F, Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

**Legal advisers to our
Company**

As to Hong Kong law

Jingtian & Gongcheng LLP

Suites 3203-3207
32/F
Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

	<p><i>As to PRC law</i> Jingtian & Gongcheng 45/F, K. Wah Centre 1010 Huaihai Road (M) Shanghai China</p>
	<p><i>As to Cayman Islands law</i> Ogier 11th Floor, Central Tower 28 Queen's Road Central Hong Kong</p>
Legal advisers to the Sole Sponsor and the Underwriters	<p><i>As to Hong Kong law</i> Hogan Lovells 11th Floor, One Pacific Place 88 Queensway Hong Kong</p>
	<p><i>As to PRC law</i> Haiwen & Partners 26/F, Jing An Kerry Center Tower 1 1515 Nanjing West Road Shanghai China</p>
Reporting accountants and independent auditor	<p>Ernst & Young <i>Certified Public Accountants</i> <i>Registered Public Interest Entity Auditor</i> 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong</p>
Industry consultant	<p>iResearch Global Inc. 3rd Floor, Block H Xuhui Vanke Center No. 9333 Humin Road Xuhui District Shanghai PRC</p>
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Principal place of business in Hong Kong	40/F Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Company's website address	<u>ir.sinohealth.cn</u> <i>(the information contained on this website does not form part of this prospectus)</i>
Joint Company Secretaries	Ms. Yi Xuhui (易旭暉) Room 403, Building 11, Huahong Lijiang Garden Nanpu, Panyu Guangzhou City Guangdong Province PRC Ms. Zhang Xiao (張瀟) 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong <i>(an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute)</i>

CORPORATE INFORMATION

Authorized Representatives (for the purpose of the Listing Rules)	Mr. Wu Yushu (吳鬱抒) Room 1219, Minjie Plaza Phase 1 No. 195 Shuixi Road Luogang District Guangzhou City Guangdong Province PRC Ms. Zhang Xiao (張瀟) 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
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Remuneration Committee	Ms. Wang Danzhou (王丹舟) (<i>Chairperson</i>) Ms. Du Yilin (杜依琳) Ms. Wang Lifang (王莉芳)
Nomination Committee	Mr. Wu Yushu (吳鬱抒) (<i>Chairman</i>) Ms. Du Yilin (杜依琳) Ms. Wang Danzhou (王丹舟)
Cayman Islands principal share registrar and transfer office	Ogier Global (Cayman) Limited 89 Nexus Way Camana Bay Grand Cayman KY1-9009 Cayman Islands
Hong Kong Share Registrar and transfer office	Boardroom Share Registrars (HK) Limited 2103B, 21/F 148 Electric Road North Point Hong Kong
Compliance adviser	Giraffe Capital Limited 3/F, 8 Wyndham Street Central Hong Kong

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INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this prospectus are extracted from the market research report prepared by iResearch, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged iResearch to prepare the iResearch Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Underwriters or any of our or their respective directors and advisors or any other person or parties involved in the Global Offering, and no representation is given as to its accuracy.

SOURCE AND RELIABILITY OF INFORMATION

We commissioned iResearch to conduct market research and analysis, and to produce the iResearch Report on the healthcare insight solutions industry driven by big data in the PRC at a fee of RMB500,000, which we believe reflects market rates for reports of this type. iResearch provides professional industry analysis, data insights, market research, strategic consulting and digital solution to clients, focusing on China's new economy and the sectors of industry digital insight research and consulting services. iResearch has published more than 3,000 industry research reports since its establishment in 2002. The iResearch Report has been prepared by iResearch independent of our influence and that of other interested parties. Unless and except as otherwise specified, the market and industry information and data presented in this Industry Overview section are derived from the iResearch Report.

The industry data and related market forecasts in the iResearch Report, including the ranking of industry players, were mainly obtained by iResearch through primary and secondary research, including publicly available information such as annual reports, industry and company interviews, market surveys, desktop research, sampling and other research methods utilizing information and statistics published by government departments, publications and studies by industry experts, online resources, data from iResearch's database and its statistical prediction model. Reliability of relevant data was ascertained by cross-validation between multiple sources. Rankings are based on directly obtained figures and calculations based on existing figures and business performance. Basic assumptions for the iResearch Report are that there are no major omissions in the publicly available data and that future market developments are in line with conventional development patterns.

Our Directors confirm that, to the best of their knowledge, after making reasonable enquiries, there has been no material adverse change in the market information since the date of the iResearch Report which may qualify, contradict or have an impact in any material respect on the information in this section.

INDUSTRY OVERVIEW

MACRO ECONOMY OF THE HEALTHCARE INDUSTRY IN THE PRC

Huge market size of China's healthcare industry, backed by factors such as aging population and increasing personal disposable income

The demand for capital in China's healthcare industry in 2021 exceeded RMB9.0 trillion, with a year-on-year increase of 14.6%, of which in-hospital medical care services accounted for the largest proportion, followed by out-of-hospital and internet medical care services. China's healthcare market size grew at a CAGR of 11.6% from 2016 to 2021 and is expected to grow at a CAGR of 12.3% from 2021 to 2026.

With the development of China's economy, the per capita disposable income of Chinese residents has increased consistently. The per capita disposable income reached RMB35,128 in 2021 and is estimated to exceed RMB40,000 by 2024. The increase in income will inevitably boost consumption and prosperity. The proportion of income spent on healthcare grew from 7.6% in 2016 to 8.8% in 2021, and is expected to grow to more than 10% in 2026. The main reasons for this growth include: (i) the government and the medical community putting in increased efforts to promote medical and healthcare knowledge; (ii) the healthcare awareness of Chinese residents gradually increasing as they are paying more attention to their own healthcare problems; and (iii) healthcare products becoming increasingly diversified which provides more options for consumers.

Industry weaknesses encourage reform by utilizing Internet+ to improve efficiency of the entire industry

The healthcare industry in China currently faces many challenges, such as:

- (i) ***Imbalanced resources distribution between urban and rural areas.*** According to the 2020 China Healthcare Statistics Yearbook, the total number of registered physicians in eastern China is far higher than that in central and western China, along with obvious differences between urban and rural areas. The number of doctors per thousand people in China is 1.79, only ranking 90th in the world. However, this figure is about 4.63 in the Beijing area and 2.95 in the Shanghai area. In contrast, the primary healthcare resources in rural areas cannot meet the healthcare needs of the vast rural masses.
- (ii) ***Necessary transformation to research and development efficiency and marketing model of medical product manufacturers.*** Medical product manufacturers are facing an increasingly fierce competitive environment, higher research and development costs and declining profits. In addition, government and regulatory agencies are implementing stricter supervisory measures regarding drug development, costs pricing, and information disclosure, driving a need for change to the existing marketing model. In response, medical product manufacturers need reliable partners with both channel capabilities and professionalism to provide insights.

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- (iii) ***Low operational efficiency of medical data applications.*** There are various weaknesses in the application of medical data, including a) ways to ensure the quality of data given the huge treasure trove of data available; b) difficulties in achieving standardization as there is no unified standard for collection and monitoring of data; and c) technical processing capabilities.

Internet+ refers to the application of the internet and other information technology in conventional industries, such as medical services and healthcare. This is expected to help improve efficiency of the entire industry and to address its current challenges. Coupled with the promotion of China's medical reform, the Chinese government has been encouraging the expansion of digital medical services as well as the reform and linkage of medical insurance, healthcare and drug circulation systems. Currently, various departments operate independently in these areas and linking them will help to solve the problem of fragmented policies.

Current digital penetration rate of the healthcare industry in China is low (4.6%) and is expected to increase to 21.1% by 2030

The digital penetration rate, referring to the ratio of China's digital healthcare, or healthcare with a digital element, market size relative to China's overall medical and health expenditure is expected to grow with the advancement of technology, standardization and explosive growth in data and its accumulation, and support of macro policies and market demand. According to iResearch, China's digital healthcare market will reach RMB3,055 billion in 2030 and the digital penetration rate is expected to increase to 11.8% in 2025 and 21.1% by 2030.

Favorable policies to encourage digitalization development

The PRC Government supports healthcare big data and drives market development through the policies set forth in the following table:

Policies Related to China’s Healthcare Big Data (2015-2021)

Issuance Time	Issuance Authorities	Policy	Content
Feb. 2015	General Office of the State Council	Guiding Opinions on Improving the Centralized Procurement of Drugs in Public Hospitals	Clarified the policy for the implementation of classified procurement of drugs, and put forward detailed guidelines for the centralized procurement of drugs in public hospitals. The implementation is still based on the platforms of various provinces, municipalities and autonomous regions
Aug. 2015	General Office of the State Council	Big Data Development Platform	Develop big data on healthcare services and build comprehensive healthcare service applications
Apr. 2016	General Office of the State Council	Notice on Issuing the Key Tasks for Deepening the Reform of the Medical and Health System in 2016	It is clear that the patient can choose to purchase prescription drugs at the outpatient pharmacies of hospitals or in retail pharmacies with a prescription. Encourage the development of chain pharmacies and promote the separation of medicines and treatments
July, 2016	General Office of the State Council	Healthy China 2030 Platform	Accelerate the development of healthcare big data application system and promote the opening up of healthcare big data based on regional population healthcare information platforms
Sept. 2018	National Health Commission	National Healthcare Big Data Standards, Safety and Service Management Measures (Trial)	Clarify the definition, connotation and extension of healthcare big data, as well as the purpose and basis, scope of application, principles to follow and overall thinking of the formulation of the measures, clarify the scope of duties, rights and responsibilities of health administration departments at all levels, as well as the corresponding rights and responsibilities of all types of medical and health institutions at all levels and their application units so as to standardize the three aspects
Nov. 2018	National Health Commission National Administration of Traditional Chinese Medicine	Opinions on Accelerating the High-quality Development of Pharmaceutical Services	Promote and implement hierarchical diagnosis and treatment, the transformation of pharmaceutical services, the promotion of rational drug use, and the "Internet +" pharmaceutical services
Jan. 2019	General Office of the State Council	Pilot Program of the Centralized Procurement and Use of Drugs Organized by the State	Officially implemented the mass procurement of 33 varieties in 11 pilot cities of "4+7", and expanded the scope of centralized procurement of these 33 varieties to the whole country in the second batch of mass procurement. So far, five batches of mass procurement have been implemented, involving 237 varieties
Jan. 2019	National Medical Products Administration	Measures for the Supervision and Administration of Online Drug Sales	Allow tripartite platforms to sell drugs to individual consumers; allow the sale of prescription drugs to individual consumers via the internet; allow single pharmacies to sell drugs via the internet; allow the publication of prescription drug information to individual consumer drug websites
Mar. 2021	28 departments including the NDRC	Implementation Plan for Accelerating the Cultivation of New Types of Consumption	Improve the design of technical routes and strengthen integrated online and offline supervision. Exploring the interconnection of prescription information of medical institutions and drug retail consumption information and promoting the development of drug network sales standards

Source: General Office of the State Council, National Health Commission, NDRC, etc.; iResearch

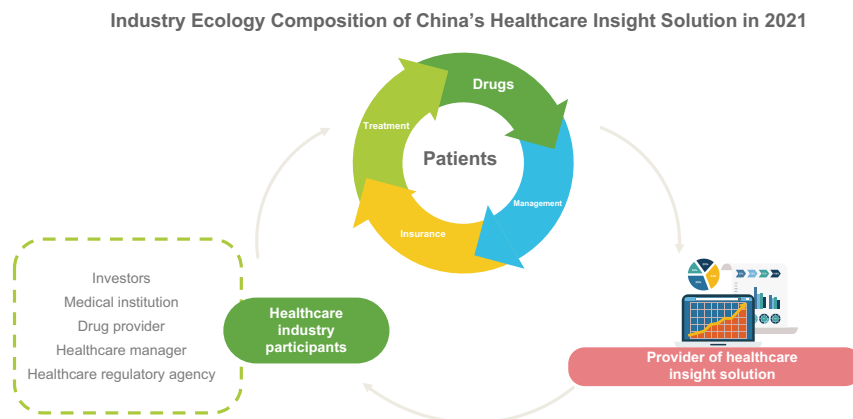
INDUSTRY OVERVIEW

In particular, the Healthy China 2030 Platform policy issued in July 2016 and the National Healthcare Big Data Standards, Safety and Service Management Measures issued in September 2018 were beneficial to companies with healthcare big data application systems, with the latter setting out definitions and connotations of healthcare big data, as well as scope of application and principles to follow. Healthcare big data is the sum of data from medical treatment, life, and health. Consequently, it includes the sum of data generated during prevention, treatment, and care. Healthcare insight solutions are product or service offerings based on healthcare big data and associated technologies which support the information and digitization needs of various organizations in the healthcare industry. The Pilot Program of the Centralized Procurement and Use of Drugs Organized by the State issued in January 2019 officially expanded the scope of centralized procurement of drugs. The Measures for the Supervision and Administration of Online Drug Sales issued in January 2019 allowed, among other things, the sale of prescription drugs to individual consumers via the internet and the publication of prescription drug information to individual consumer drug websites.

HEALTHCARE INSIGHT SOLUTIONS INDUSTRY

Ecosystem of China's healthcare insight solutions industry and its participants

After years of development, China's healthcare industry has formed a patient-oriented ecosystem, which provides patients with services such as medical treatment, medication, insurance payment, and healthcare management. Healthcare insight solutions can provide better services for investors, medical institutions, drug providers, healthcare managers, healthcare regulators, insurance institutions and patients in the medical industry chain, including reducing clinical research and development costs, enhancing the quality of hospital diagnosis and treatment services, and improving the efficiency of institutional management and operation, which in turn can create great value for China's healthcare industry chain. The following diagram shows this industry ecosystem in 2021:



Source: iResearch Report

INDUSTRY OVERVIEW

Competitive landscape of China's healthcare insight solutions

Healthcare insight solutions support the informatization, digitization and intelligentization needs of various organizations, institutions and enterprises in the healthcare industry. The healthcare insight solutions market can be divided based on data application scenarios into the following three types of competitors:

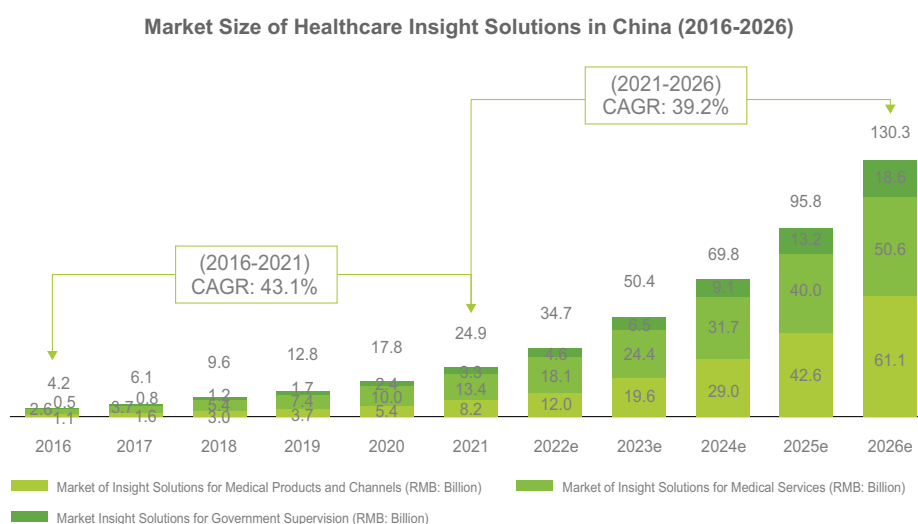
- (i) **Market for insight solutions for medical products and channels.** Companies in the market of insight solutions for medical products and channels provide solutions, such as real-world study (RWS) of medical products, data insight solutions, and pharmaceutical SaaS services, to all kinds of institutions and companies, mainly being medical product manufacturers including (a) pharmaceutical companies, (b) medical equipment companies and (c) healthcare product manufacturers, and pharmaceutical distributors, based on big data of (1) users' purchasing behavior regarding medicines and medical equipment and (2) medicines and medical equipment distribution channels. In 2021, this segment accounted for approximately 32.9% of the entire healthcare insight solutions market and there are currently approximately 800 to 1,000 players.
- (ii) **Market for insight solutions for medical services.** Companies in the market of insight solutions for medical services provide solutions, such as smart medical services (e.g., clinical decision support system (CDSS)), electronic medical records, and medical imaging, mainly to hospitals, clinics and other medical institutions, based on healthcare big data generated through the interaction between doctors and patients during provision of medical services. In 2021, this segment accounted for approximately 53.8% of the entire healthcare insight solutions market and there are currently approximately 1,500 to 1,600 players.
- (iii) **Market for insight solutions for government supervision.** Companies in the market of insight solutions for government supervision provide services, such as policy-making support and regional epidemiological research services, to governments and regulatory departments, based on the healthcare data generated through government supervision on medical activities. In 2021, this segment accounted for approximately 13.3% of the entire healthcare insight solutions market and there are currently fewer than 200 players.

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China's healthcare insight solutions market is relatively fragmented, and currently, concentration in the industry is relatively low and expected to increase in the future. Players in the healthcare insight solutions market may operate in one or more segments and the approximate number of players in each segment are estimates only. One of the main differences between these companies are the sources of their data, which may include clinical data, data from medical channels, non-medical channels, or health management platforms. Solutions and products offered by these companies also vary from market reports, consulting services, sales and marketing strategies, and scientific research plans, among other deliverables. Healthcare insight solutions may also be largely categorized into marketing oriented solutions and research and development oriented solutions with different purpose and applications. Marketing oriented solutions are generally targeted towards the sales and marketing functions of medical product manufacturers. For example, products like market insights are valuable to such clients who need to be aware of market trends or require precision marketing services. Research and development oriented solutions generally serve research and development functions of medical product manufacturers, medical service providers and governments. For example, solutions like RWS, CDSS and electronic medical records support development and innovation of medical products as well as research abilities of medical services. Pathology research solutions are also used by governments to conduct research on health conditions and related policies.

Market size of healthcare insight solutions in China

Driven by advanced technologies such as AI and cloud computing, China's healthcare insight solutions market grew rapidly and steadily with over 2,500 players as at 31 December 2021, and its market size reaching RMB24.9 billion in 2021. According to iResearch, the CAGR of the healthcare insight solutions market from 2021 to 2026 will reach 39.2%, with the market size reaching RMB130.3 billion by 2026. The following chart shows the market size and forecast of healthcare insight solutions in China from 2016 to 2026:

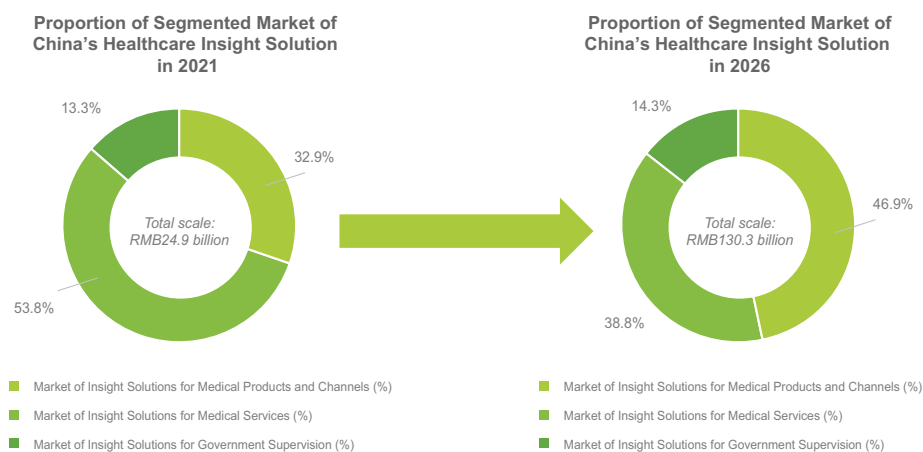


Source: MOFCOM, National Health Commission, "2021 China Health Statistics Yearbook", etc.; iResearch

INDUSTRY OVERVIEW

Medical products and channels segment enjoys the highest growth potential

Currently, the market of insight solutions for medical services is the largest, followed by the market of insight solutions for medical products and channels. According to iResearch, the market of insight solutions for medical products and channels will become the largest in 2026, accounting for 46.9% of the entire market of China's healthcare insight solutions. The following charts show the forecasted growth in the proportion of segmented market of China's healthcare insight solutions from 2021 to 2026:

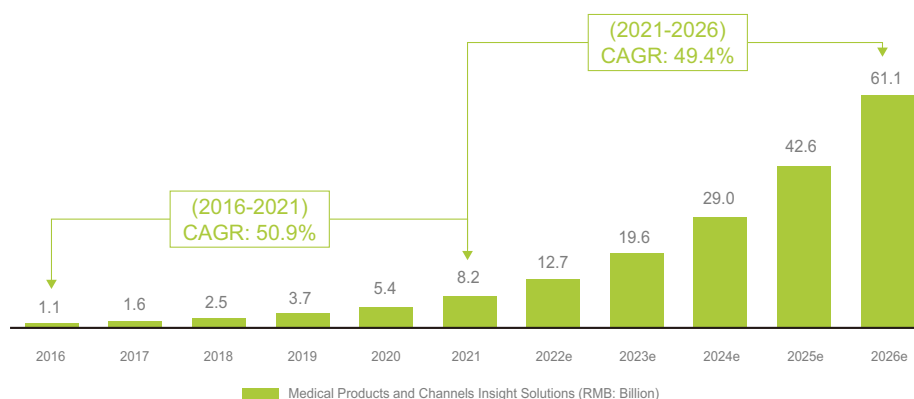


Source: MOFCOM, National Health Commission, "2021 China Health Statistics Yearbook", etc.; iResearch

Medical products and channels segment and its drivers

Driven by factors such as the pressure of pharmaceutical research and development, marketing transformation pressure and the COVID-19 pandemic, the market of insight solutions for medical products and channels has grown rapidly, reaching RMB8.2 billion in 2021. According to iResearch, the market of insight solutions for medical products and channels will have a CAGR of 49.4% from 2021 to 2026, at which time the market size will reach RMB61.1 billion. The following chart shows the market size and forecast of insight solutions for China's medical products and channels from 2016 to 2026:

Market Size of Insight Solutions for China's Medical Products and Channels (2016-2026)

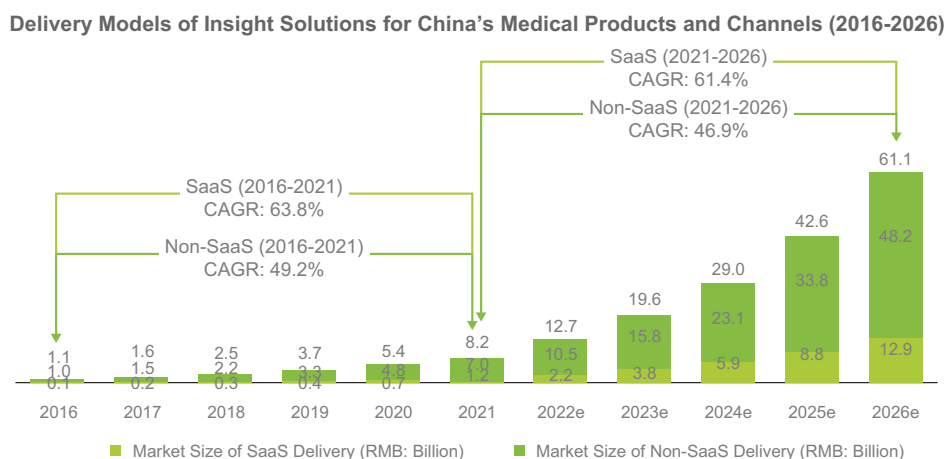


Source: MOFCOM, National Health Commission, "2021 China Health Statistics Yearbook", etc.; iResearch

INDUSTRY OVERVIEW

Medical products and channels

The market of healthcare insight solutions for medical products and channels can be divided into two delivery models: SaaS delivery and non-SaaS delivery. SaaS (software as a service) refers to a delivery model where the final service or software is provided directly to end users where the computing and data storage required for such services do not require local storage and instead are hosted externally. In 2021, the market size of SaaS delivery was RMB1.2 billion while the market size of non-SaaS delivery was RMB7.0 billion. The market size of SaaS delivery will grow much faster than non-SaaS delivery in the future. The following chart shows the market size and forecast of the two delivery models from 2016 to 2026:



Source: National Health Commission, "2021 China Health Statistics Yearbook", "2020 Cloud Computing Development White Paper" released by the China Academy of Information and Communications Technology (CAICT), etc.; iResearch

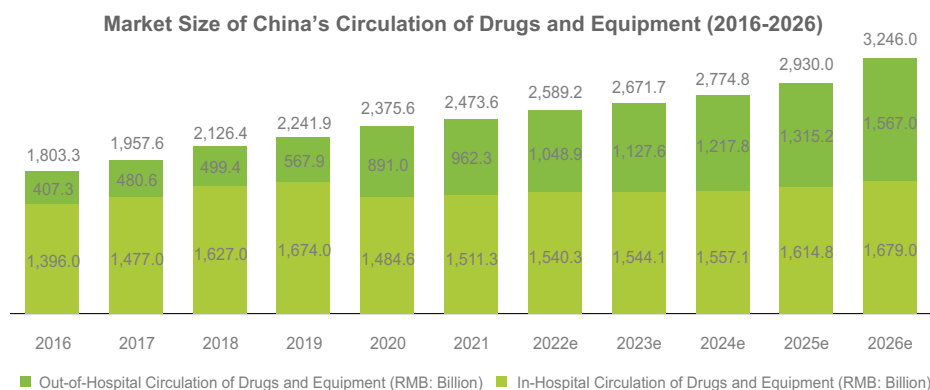
The SaaS delivery model has many advantages when compared to traditional software models, such as fast deployment, flexible payment methods, and low operation and maintenance costs. According to the iResearch Report, the SaaS delivery model will become more prevalent as technologies advance. These advantages in delivery, operation and maintenance are important in many industries, and the SaaS delivery model is expected to have a broader application prospect in the medical and healthcare industry. It is characterized by being flexible to use, capable of updating data on a timely basis, convenient to operate and relatively cost-effective. As such, medical product manufacturers and healthcare companies will consider adopting SaaS products more often to solve their marketing and operation problems, and healthcare insight solutions delivered by SaaS products are expected to become more popular. In 2021, approximately 14.0% of insight solutions for medical products and channels in China used the SaaS delivery method and iResearch estimates this to reach approximately 22.0% by 2026, and thus SaaS delivery capabilities will also become one of the more important competencies of companies in the industry.

Development of circulation of medicine outside of hospitals

Previously, the predominant market for distribution of pharmaceuticals had always been in hospitals. However, with certain reforms in 2016 encouraging development of chain pharmacies and the introduction of the prescription outflow policy at the end of 2019, electronic prescription

INDUSTRY OVERVIEW

information sharing platforms were established in certain provincial hospitals. Prescription outflow refers to prescriptions by doctors flowing from being mainly within hospitals to outside hospitals and online, and where patients could choose to pick up their medicines from their preferred pharmacies. The supported medicines of prescription outflow in the early stage included medicines for common illnesses, chronic diseases and cancer. According to iResearch, driven by the prescription outflow policy, the market size of out-of-hospital circulation of medicines and equipment will gradually increase. However, the growth trend will mainly depend on the local governments' efforts in the implementation and promotion of the policy and the operational capabilities of out-of-hospital pharmacies. The following chart shows the market size and forecast of China's circulation of drug and equipment from 2016 to 2026:



Source: National Health Commission, National Medical Products Administration, etc.; iResearch

Increasing number of chain pharmacies pushes up the investment in digitalization

According to data from the National Medical Products Administration of the PRC, the number of chain retail pharmacies in China had increased year by year. In 2020, the total number of retail pharmacy stores in China, which refers to the number of actual stores, was approximately 554,000, and approximately 55.7% of which were chain pharmacies. Chain pharmacies refer to those which have 10 or more retail stores. According to iResearch, under the impact of online pharmaceutical business and related policies, the percentage of chain pharmacies will further increase and reach approximately 71.7% by 2026. Additionally, compared with individual pharmacies, chain pharmacies have greater requirements for application of information technology. With the increase in chain pharmacies, the demand for application of information technology by retail pharmacies will also increase.

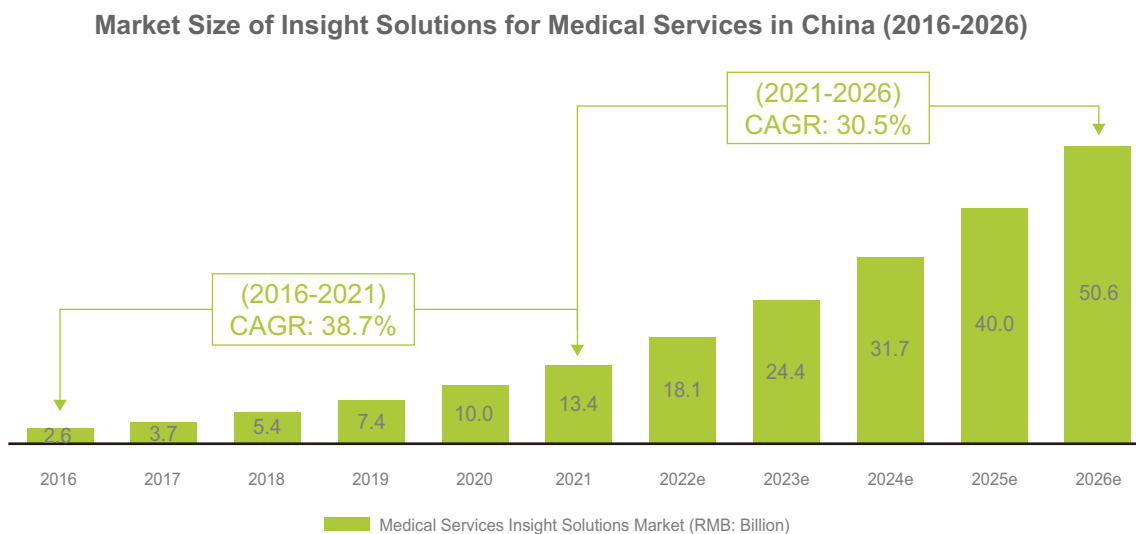
INDUSTRY OVERVIEW

Medical services segment

Insights solutions for medical services refers to solutions created based on the big data generated through medical services and are provided to institutions such as hospitals and clinics. The business mainly includes: (1) clinical trial related services (contract research organization (CRO) research and development assistance, clinical trial optimization, etc.); and (2) smart medical-related services (clinical decision support system (CDSS), smart medical records management, hospital management system, etc.).

During the pre-clinical research and development stage, medical product manufacturers can leverage big data and AI technology to explore drug targets and screen compounds more efficiently. In the subsequent new drug research and development stage, big data modeling and analysis can be used to determine the most effective input-output ratio, plan more efficient clinical research arrangements, and thus allocate the best combination of resources. In addition to reducing research and development costs, contract research organization (CRO)'s new drug research and development solutions can also help medical product manufacturers shorten the cycles of clinical trials and return on investment. Additionally, medical product manufacturers can bring drugs to market faster, produce more targeted drugs, and achieve higher potential market returns and treatment success rates.

The market size of insight solutions for medical services in China reached RMB13.4 billion in 2021. According to iResearch, as healthcare insights are increasingly recognized by medical institutions and clinics, healthcare insight solutions will be implemented in more hospitals and other medical institutions and companies from 2021 to 2026, and the market size will reach RMB50.6 billion in 2026. The following chart shows the market size and forecast of insight solutions for medical services in China from 2016 to 2026:



Source: National Health Commission, "2021 China Health Statistics Yearbook", etc.; iResearch

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Historical price trends

Within the healthcare insight solutions industry, there are generally two pricing models used by industry players:

Model A Data is mainly obtained from medical records directly from the hospital, and the price depends on the year of data generation, hospital level and the number of medical records. The price trend increased from approximately RMB100,000 in 2015 to approximately RMB200,000 in 2020 per healthcare insight solutions project.

Model B Data mainly comes from medical literature and sales data, which includes basic data that can be provided to partnering companies for medical research and product marketing. After desensitization, the data is used to prepare research reports and strategic analysis for partnering companies. The price trend increased from RMB200,000 in 2015 to RMB500,000 in 2020 per healthcare insight solutions project.

Competition

Typical enterprises in China's healthcare insight solutions industry include companies which provide insight solutions for medical products and channels. Among these companies, they have and are able to obtain big data relating to medical products and channels and also from a large number of medical product manufacturers. The current industry concentration is relatively low and is expected to increase in the future, which will benefit the industry-leading enterprises with competitive advantages. The market size of healthcare insight solutions in 2021 is RMB24.9 billion. The top companies in China's overall healthcare insight solutions market based on revenue in 2021 are:

Ranking	Companies	Company description	Revenue ⁽¹⁾ (RMB in million) 2021
1	Company D	A service provider of healthcare insight solutions listed on the Stock Exchange since January 2021, mainly focusing on medical research, medical management, government public decision-making and regulations and offering healthcare insight solutions built on big data and AI, including intelligent healthcare services for doctors and hospitals, and market monitoring for regulators and policy makers, with approximately 1,400 employees and market capitalization of approximately HKD9.1 billion	520
2	Company N	A service provider of healthcare insight solutions mainly focusing on chronic disease management, established in 2014 and located in Hangzhou with approximately 300 employees	410

INDUSTRY OVERVIEW

Ranking	Companies	Company description	Revenue ⁽¹⁾ (RMB in million) 2021
3	Company B	A service provider of healthcare insight solutions for medical products and channels mainly based on patient insights, established in 2014 and located in Beijing with approximately 400 employees	400
4	Company H	A healthcare insight solutions provider mainly for the drug development process, established in 2013 and located in Jiaxing, Zhejiang province with approximately 1,300 employees	330
5	The Company (Sinohealth)	A healthcare insight solutions provider mainly for medical products and channels, established in 2007 and located in Guangzhou with approximately 600 employees	324
6	Company I	A healthcare insight solutions provider mainly for pharmaceutical and medical device companies and physicians focused on using technology to support physician's clinical decision-making and operating a popular professional medical platform for precision digital healthcare marketing for pharmaceutical and medical device companies, listed on the Stock Exchange since July 2021, with approximately 500 employees and market capitalization of approximately HKD5.9 billion	280
7	Company G	A hospital research and development solutions provider mainly for hospitals, implemented with AI and healthcare insight, established in 2016 and located in Shanghai with approximately 300 employees	250
8	Company F	A healthcare insight solutions provider that connects residents, doctors, hospitals, medicine, health management, and medical care integration, established in 2018 and located in Jinan, Shandong province with approximately 100 employees	210
9	Company J	A healthcare insight solutions provider that supports clinical genetic testing businesses, established in 2016 and located in Beijing with approximately 700 employees	200
10	Company A	A pharmaceutical healthcare insight solutions service provider connecting doctors, patients and medical equipment companies, established in 2012 and located in Shanghai with approximately 400 employees	180

Notes:

(1) Revenue refers to that generated by each company from healthcare insight solutions business.

(2) Unless otherwise specified, companies are unlisted.

According to iResearch, we are ranked fifth with a market share of 1.3%. According to iResearch, the current average profitability level of the healthcare insight industry is a net profit margin of approximately -2% to 5%. We have a profitability level, or net profit margin, of more than 30% for 2019 and 2020, which is much higher than the current industry average and enjoy a competitive advantage due to our coverage of the largest number of top medical product manufacturers, solid technological capabilities and multi-disciplinary talents.

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No.1 in medical products and channels segment by revenue

In 2021, the market size of insight solutions for medical products and channels was RMB8.2 billion. We ranked first among all healthcare insight solutions providers for medical products and channels in terms of revenue in 2021 with a market share of 3.9%, according to the iResearch Report. The following table shows the top five enterprises in China's healthcare insight solutions market for medical products and channels in terms of revenue in 2021:

Ranking	Companies	Company description	Revenue ⁽¹⁾ (RMB in million) 2021	Market share (%)
1	The Company (Sinohealth)	A service provider of healthcare insight solutions for medical products and channels, established in 2007 and located in Guangzhou with approximately 600 employees	324	3.9
2	Company N	A service provider of healthcare insight solutions mainly focusing on chronic disease management, established in 2014 and located in Hangzhou with approximately 300 employees	310	3.7
3	Company H	A healthcare insight solutions provider mainly for the drug development process, established in 2013 and located in Jiaxing, Zhejiang province with approximately 1,300 employees	212	2.5
4	Company I	A healthcare insight solutions provider mainly for pharmaceutical and medical device companies and physicians focused on using technology to support physician's clinical decision-making and operating a popular professional medical platform for precision digital healthcare marketing for pharmaceutical and medical device companies, listed on the Stock Exchange since July 2021, with approximately 500 employees and market capitalization of approximately HKD5.9 billion	209	2.5
5	Company A	A pharmaceutical healthcare insight solutions service provider connecting doctors, patients and medical equipment companies, established in 2012 and located in Shanghai with approximately 400 employees	180	2.1

Source: iResearch Report

Notes:

(1) Revenue refers to that generated by each company from insight solutions for medical products and channels.

(2) Unless otherwise specified, companies are unlisted.

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No.1 in medical products and channels segment by number of top medical product manufacturers under coverage

The following table shows the top five enterprises in China's healthcare insight solutions market for medical products and channels in terms of the number of top medical product manufacturers⁽¹⁾ covered in 2020:

Ranking	Companies	Company description	Number of top medical product manufacturers covered ⁽¹⁾
1	The Company (Sinohealth)	A healthcare insight solutions provider mainly for medical products and channels, established in 2007 and located in Guangzhou with approximately 600 employees	57
2	Company I	A healthcare insight solutions provider mainly for pharmaceutical and medical device companies and physicians focused on using technology to support physician's clinical decision-making and operating a popular professional medical platform for precision digital healthcare marketing for pharmaceutical and medical device companies, listed on the Stock Exchange since July 2021, with approximately 500 employees and market capitalization of approximately HKD5.9 billion	55
3	Company A	A pharmaceutical healthcare insight solutions service provider connecting doctors, patients and medical equipment companies, established in 2012 and located in Shanghai with approximately 400 employees	40
4	Company C	A healthcare insight solutions provider for non-medical companies engaged in the sales and distribution of non-medical health and wellness products, listed on Nasdaq since November 2019, with approximately 500 employees and market capitalization of approximately HKD86 million	32
5	Company D	A service provider of healthcare insight solutions listed on the Stock Exchange since January 2021, mainly focusing on medical research, medical management, government public decision-making, services and regulations and offering healthcare insight solutions built on big data and AI, including intelligent healthcare services for doctors and hospitals, and market monitoring for regulators and policy makers, with approximately 1,400 employees and market capitalization of approximately HKD9.1 billion	30

Source: iResearch Report

Notes:

(1) Top medical product manufacturers refer to the top medical product manufacturers, both globally and Chinese which total 198 after removing companies that appear more than once, based on the top 100 global medical product manufacturers from Torreyia in 2020 and the top 115 Chinese medical product manufacturers from Yaozh.com in 2020. According to the iResearch Report, the total number of corporates in the medical products and channels segment is over 70,000 in 2020.

(2) Unless otherwise specified, companies are unlisted.

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Entry barriers

Through years of development, a number of high-quality insight solutions providers have emerged in China's healthcare insight solutions industry, while at the same time, the industry has established higher barriers of entry, making it difficult for new entrants to succeed if they do not invest large amounts of resources or have a clear profit model. iResearch believes that the industry threshold is high, which requires time investment and a complete industry chain. In the current insight solutions industry, companies with first mover advantage, talents in technical disciplines and big data processing technology will be more competitive in the industry.

First mover advantage

Early players in the industry will have accumulated more data, more project experience and possess a more complete industry chain. Taking advantage of established brands, solid user foundations and technology and marketing resources, they will have more advantages in attracting users and building resource-based platforms. The deeper data accumulation advantage is a barrier that is difficult to surpass in the field of big data.

Talents in technical disciplines

Regarding technical operation and business development, the healthcare insight solutions industry requires the support of multi-disciplinary professional talents who are familiar with innovative technologies such as big data, artificial intelligence, machine learning and cloud computing as well as the medical field in order to connect the medical industry with information systems. Latecomers in the industry need to invest a lot of time and resources to cultivate such multi-disciplinary talents.

Big data processing technology

Diversified solutions for different big data application scenarios of enterprises are determined by the ability to standardize and manage data, and the ability to handle multi-dimensional data through artificial intelligence.

Challenges of the healthcare insight industry

The healthcare insight industry faces challenges including (i) data standards; (ii) data management; (iii) data security; (iv) data quality; and (v) data application.

- (i) ***Data standards*** – The data standards from different data sets are different, and the sharing between data sets is more complex, which leads to the inconsistency of the collected medical big data standards.
- (ii) ***Data management*** – There are many kinds of databases, and the data sharing mechanism is not perfect, and there is no way to ensure the efficient management of data sets.
- (iii) ***Data security*** – With the application of healthcare big data, users cannot ensure the absolute security and privacy of data application. It is difficult to quantify the risk, because information leakage may occur at any stage from data creation to its usage.

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- (iv) **Data quality** – Poor quality of healthcare data has a great impact on machine learning programs, which will greatly affect the accuracy of future programs and models. As most of the big data comes from the real world, there will undoubtedly be lost and incomplete data, which need to be adjusted at the technical level.
- (v) **Data application** – During the process of applying data in the healthcare field, due to its specialized nature, particular analytical method libraries, mining program libraries, and model libraries are required, which are currently lacking.

Future Trends and Opportunities

Potential in out-of-hospital market for data collection

On the one hand, healthcare insight solutions companies need to continuously carry out data collection and standardization, and generate more accurate, scientific and effective solutions based on massive data. On the other hand, they also need to improve their own data access capabilities, and integrate previously isolated data from different sources in order to expand the service scopes of healthcare insight solutions. There are still many difficulties when it comes to connecting in-hospital data with out-of-hospital data, such as technical integration and privacy protection. Thus, the focus in the near future will be on exploring how in-hospital data and out-of-hospital data can be independently applied in different scenarios. Compared with in-hospital data, out-of-hospital data is easier to obtain and involves less private data. The applications of out-of-hospital data will become more diversified, thereby having huge market potential.

Integration of big data and medical services to promote the development of internet hospitals

The establishment and operation of internet hospitals are inseparable from the support of information technology, and the collection and sharing of in-hospital medical big data is the core part of internet hospitals. Internet hospitals refer to one-stop service platforms based on physical hospitals, with a focus on follow-up visits and routine consultations, and integrating consultation, prescription, payment and drug delivery. In addition, as the hospital information system generates a huge amount of in-hospital big data, the value of this data can be realized through the use of data mining and analysis capabilities of AI and big data technology. Therefore, the market of insight solutions for medical services represented by internet hospitals is also expected to have good prospects in the future.

Popularity for SaaS delivery

The SaaS model has demonstrated great advantages, such as delivery, operation and maintenance, in many industries. With the development and technological progress of proprietary cloud, hybrid cloud and other deployment models, data privacy protection and other issues will be effectively solved, and SaaS will have broader application prospects in the healthcare industry. Due to the advantages of SaaS, such as flexible use, timely data update, convenient operation and relatively low cost, pharmaceutical and consumer healthcare enterprises will consider using SaaS more often to solve their marketing and operational problems in the future. Therefore, healthcare insight solutions delivered using SaaS will become more popular.

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Potential in the value of healthcare aPaaS

In comparison to SaaS, which provides users directly with software as a service, aPaaS provides users with a platform or building capabilities as a service. Healthcare aPaaS service provides a visual application development environment for developers or users, reducing or eliminating the need for native code writing, so as to achieve a convenient solution to build applications. The values of healthcare aPaaS for healthcare companies include: (i) the rapid development and deployment of software which can be realized through the output reusable model, leading to shortened project lead times; (ii) through the healthcare aPaaS development platform, users can significantly increase their own capabilities, such that they do not need to outsource the development work or set up their own software research and development team and can reduce their research and development costs; and (iii) through convenient reading and writing data, combined with workflow capabilities, the healthcare aPaaS platform can connect the data required by the core businesses and break down the data silos. Therefore, healthcare aPaaS will usher in a period of rapid development, and the market size is expected to increase year by year.

Closed-loop ecosystem targeting whole-cycle integrated solutions

With the gradual development of the healthcare industry, its weakness has become increasingly obvious. The simple online consultation and online purchase of medicine cannot solve the real needs of patients. Patients still have doubts about how to proceed with the next steps in their diagnosis and treatments. Healthcare insight solutions have inherent advantages in enabling the entire ecosystem. Through merging the upstream payment, diagnosis and treatment from the original medical treatment chain with the downstream management and check-up reminder, a complete closed-loop ecosystem is formed. This can increase patients' compliance in taking medicine, as well as assessing the real needs of healthcare users, thereby making adjustments to facilitate the overall rapid and healthy development of the healthcare industry.

Further commercialization opportunities to enable healthcare management and commercial insurance

For healthy individuals, it is very important to carry out healthcare management through the support of primary healthcare and hygiene and healthcare insights can support such needs. The healthcare insights can quickly arrange for a healthy person who becomes ill to enter into the primary healthcare system, and provide his/her regular detailed healthcare information to assist with the implementation of diagnosis and treatment.

It is through using emerging technologies such as mobile applications, big data, cloud computing and artificial intelligence that insurance technology can fully assess user preferences and risks, among other things, in order to design and match the most suitable insurance products for clients, transform the extensive development pattern of the traditional insurance industry and optimize user experience. In the future, insurance technology is likely to reshape the insurance industry's value chain system.

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REGULATIONS ON CORPORATION AND FOREIGN INVESTMENT

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated by the SCNPC on 29 December 1993 and came into effect on 1 July 1994, and last amended on 26 October 2018. The Company Law of the PRC generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have contributed. The Company Law of the PRC also applies to foreign-invested companies in form of limited liability company or joint stock limited company. Where laws on foreign investment have other stipulations, such stipulations apply.

On 1 January 2020, the FIL and the Regulations on the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) became effective and simultaneously replaced the trio of prior laws regulating foreign investment in China, namely, 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 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》) and the Wholly Foreign-invested Enterprise Law of the PRC (《中華人民共和國外資企業法》), together with their implementation rules and ancillary regulations. The FIL sets out the definition of foreign investment and the framework for promotion, protection and administration of foreign investment activities. The FIL does 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, it 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 of 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. On 30 December 2019, the MOFCOM and the State Administration for Market Regulation (國家市場監督管理總局) (the “SAMR”) jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which came into effect on 1 January 2020 and pursuant to which, the establishment of the foreign invested enterprises, including establishment through purchasing the equities of a domestic enterprise or subscribing the increased capital of a domestic enterprise, and its subsequent changes are required to submit an initial or change report through the Enterprise Registration System.

Pursuant to the FIL, China has adopted a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list is issued by, amended or released upon approval by the State Council, from time to time. The negative list sets forth industries in which foreign investments are prohibited and industries in which foreign investments are restricted. Foreign investment in prohibited industries is not allowed, while foreign investment in restricted industries must satisfy certain conditions stipulated in the negative list. Foreign investments and domestic investments in industries outside the scope of the prohibited industries and restricted industries stipulated in the negative list will be treated equally. The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021 Version) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the “**Negative List**”), which was promulgated by the NDRC and MOFCOM on 27 December 2021 and became

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effective on 1 January 2022, and the Catalog of Industries for Encouraging Foreign Investment (2020 Version) (《鼓勵外商投資產業目錄(2020年版)》), which was promulgated by the NDRC and MOFCOM on 27 December 2020 and became effective on 27 January 2021, replaced previous negative list and encouraging catalog and listed the categories of encouraged, restricted, and prohibited industries. Pursuant to the Negative List, value-added telecommunication services (excluding e-commerce, domestic multi-party telecommunication, storage and forwarding business, and call center), radio and television program production and operation businesses in which the Group is involved fall into the restricted or prohibited categories.

According to Article 6 of the Negative List, for domestic enterprises engaged in business sectors prohibited from foreign investment under the Negative List, (i) the overseas offering, listing and trading of their shares shall be subject to the review and approval of the relevant competent authorities; and (ii) foreign investors shall not participate in the operation and management of these enterprises, and their shareholding ratio shall be implemented with reference to the relevant provisions on the administration of domestic securities investment of foreign investors. Pursuant to the Reply to Reporters' Questions by the NDRC Responsible Officers of the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021 Version) (國家發展改革委有關負責人就2021年版外商投資准入負面清單答記者問) announced on 27 December 2021, the aforementioned review and approval of the relevant competent authorities refers to the review and approval on whether the overseas listing of domestic enterprises falls within the scope of prohibitive provisions of the Negative List, rather than that on the activities of overseas listing of domestic enterprises. However, the Negative List provides no further explanation or interpretation for "the overseas offering, listing and trading of domestic enterprises' shares". Pursuant to the further explanation provided by the Policy Research Office of the NDRC at the press conference held by NDRC on 18 January 2022, "the scope of application of Article 6 of the Negative List is limited to the direct listing of domestic enterprises engaged in businesses in areas prohibited from investment in the Negative List. Regarding the indirect overseas listing of domestic enterprises, the CSRC is publicly soliciting opinions on the relevant provisions. After the relevant procedures are completed and relevant documents are officially published, the relevant provisions will be implemented by the competent authorities accordingly".

REGULATIONS ON VALUE-ADDED TELECOMMUNICATION SERVICES

Pursuant to the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the "Telecommunications Regulations") promulgated by the State Council on 25 September 2000, amended on 29 July 2014 and 6 February 2016, which provides a regulatory framework for telecommunications services providers in the PRC, telecommunications services are categorized into basic telecommunications services and value-added telecommunications services and the telecommunications services providers are required to obtain operating licenses prior to the commencement of their operations. Pursuant to the Catalog of Telecommunications Business (2015 version) (《電信業務分類目錄(2015年版)》), which was last amended on 6 June 2019, online data processing and transaction processing and internet information services and internet data center services that the Group will provide are classified as value-added telecommunications services.

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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 25 September 2000 and amended on 8 January 2011, sets out the guidelines on the provision of internet information services. The Internet Measures classified internet information services into commercial internet information services and non-commercial internet information services and a commercial internet information services provider must obtain a value-added telecommunications business operation license from the appropriate telecommunications authorities. The content of internet information is highly regulated in the PRC and, pursuant to the Internet Measures, internet information services operators are required to monitor their websites. They may not produce, reproduce, disseminate or broadcast internet content that is prohibited by laws or administrative regulations on their websites. The PRC Government may order the holder of an ICP License that violates the content restrictions to correct those violations and revoke their ICP Licenses.

Pursuant to the Regulations for the Administrative of Foreign-Invested Telecommunications Enterprises (2016 Revision) (《外商投資電信企業管理規定(2016修訂)》) (the “**2016 FITE Regulations**”), which was promulgated by the State Council on 6 February 2016, foreign-invested value-added telecommunications enterprises in the PRC are required to be established as sino-foreign equity joint ventures, and the foreign investors may acquire up to 50% of the equity interests of such enterprises. In addition, the main foreign investor who invests in a foreign-invested value-added telecommunications enterprise operating the value-added telecommunications business in the PRC must demonstrate a good track record and experience in operating a value-added telecommunications business. Moreover, foreign invested enterprises that meet these requirements must obtain approvals from the MIIT to commence value-added telecommunications business in the PRC.

On 29 March 2022, the State Council promulgated the Decision of the State Council to Amend and Repeal Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》) (the “**2022 Decision**”) which became effective on 1 May 2022 and is to revise the 2016 FITE Regulations and other relevant administrative regulations. Subsequently, on 7 April 2022, the full text of 2022 Decision was published on the official website of the State Council. As compared to the 2016 FITE Regulations, the 2022 Decision amends the concept of “foreign-invested telecommunication enterprises” to “the enterprise which is legally formed by foreign investors within the territory of the PRC and is engaged in provision of telecommunications services”, being connected to the concept of “foreign-invested enterprises” under the FIL. The 2022 Decision adds “except as otherwise provided for by the State” to Article 6 of the 2016 FITE Regulations, demonstrating that there may be exceptions of foreign investors’ shareholding ratio in telecommunications sectors under relevant provisions.

The 2022 Decision also removes the requirement that “the main foreign investor of a foreign-invested value-added telecommunications enterprise which is engaged in the value-added telecommunications business in the PRC should have a good track record and experience in operating the value-added telecommunications business” and streamlines application process of telecommunication business operation permit and shorten the review time period.

As advised by our PRC Legal Advisers, (i) as at the Latest Practicable Date, there were no clear guidelines, explanations or criteria in respect of the implementation of the 2022 Decision; (ii) it is uncertain when guidelines, interpretations or criteria for the implementation of the 2022 Decision will be promulgated; and (iii) based on the current regulatory requirements, the 2022 Decision would not affect the validity and the legality of Group’s ICP Licenses and IDC License. Our Directors confirm that the 2022 Decision has no adverse impact on the Group’s business operations.

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On 13 July 2006, the Ministry of Information Industry of the PRC (the “**MII**”, which is the predecessor of the MIIT) promulgated the Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《關於加強外商投資經營增值電信業務管理的通知》) (the “**MIIT Circular**”), pursuant to which, a domestic company that holds a value-added telecommunications business operation licenses is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China. In addition, under the MIIT Circular, the internet domain names and registered trademarks used by a foreign-invested value-added telecommunications service operator must be legally owned by that operator or its shareholders. Sinohealth Information, Guangzhou Jiasi, Sinohealth Junyi have each obtained ICP License. In addition, both Guangzhou Jiasi and Sinohealth Junyi have obtained value-added telecommunication business operation license for online data processing and transaction processing, or EDI License. Sinohealth Information also has obtained the IDC license.

On 28 June 2016, the Cyberspace Administration of China, or the CAC, promulgated the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) (the “**Provisions**”), which became effective on 1 August 2016. Under the Provisions, mobile application providers are prohibited from engaging in any activity that may endanger national security, disturb the social order, or infringe the legal rights of third parties, and may not produce, copy, issue or disseminate through internet mobile applications any content prohibited by laws and regulations. The Provisions also require application providers to procure relevant qualifications required by laws and regulations to provide services through such applications and require application store service providers to register with local branches of the CAC within 30 days after they start providing application store services.

REGULATIONS ON INTERNET DRUG INFORMATION SERVICE

Internet Drug Information Service

Pursuant to the Administrative Measures on Internet Drug Information Services (《互聯網藥品信息服務管理辦法》) promulgated by the State Food and Drug Administration (which is the predecessor of the China Food and Drug Administration, or the “**CFDA**”, and CFDA is the predecessor of the National Medical Products Administration) on 8 July 2004 and amended on 17 November 2017, the internet drug information service, i.e. provision of information of drugs and medical devices through the internet, is classified into commercial internet drug information services and non-commercial internet drug information services. The competent food and drug authority reviews the website operated by an entity that applies for providing internet drug information services and issues the Internet Drug Information Service Certificate (《互聯網藥品信息服務許可證》) to such entity once meets the requirements.

Sinohealth Information, Guangzhou Jiasi, Guangzhou Xinkang have obtained Internet Drug Information Service Certificate respectively.

REGULATIONS ON ONLINE TRADING AND E-COMMERCE

On 26 January 2014, the State Administration for Industry and Commerce (the “**SAIC**”, which is the predecessor of the SAMR) promulgated the Administrative Measures for Online

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Trading, or the Online Trading Measures (《網絡交易管理辦法》), which became effective on 15 March 2014, to regulate all operating activities for product sales and services provision via the internet (including mobile internet). It stipulated the obligations of online products operators and services providers and certain special requirements applicable to third-party platform operators. The Measures were replaced by the Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》), which was promulgated by the SAMR on 15 March 2021 and became effective on 1 May 2021. Furthermore, MOFCOM promulgated the Provisions on the Procedures for Formulating Transaction Rules of Third-Party Online Retail Platforms (Trial) (《網絡零售第三方平台交易規則制定程序規定(試行)》) on 24 December 2014, which became effective on 1 April 2015, to guide and regulate the formulation, revision and enforcement of transaction rules by online retail third-party platforms operators. These measures impose more stringent requirements and obligations on third-party platform operators. On 31 August 2018, the SCNPC promulgated the E-Commerce Law of the PRC (《中華人民共和國電子商務法》) (the “**E-Commerce Law**”), which became effective on 1 January 2019. It established the basic legal framework for the development of China’s E-Commerce business and clarified the obligations of the operators of e-commerce platforms and the possible legal consequences if operators of e-commerce platforms are found to be in violation of legally prescribed obligations. For example, pursuant to the E-Commerce Law, an operator of an e-commerce platform shall give appropriate reminders to, and make it convenient for operators on its platform who have not completed the formalities for registration of market entities to, complete such formalities. Also, an operator of an e-commerce platform is legally obligated to verify and register the information of the business operators on its platform, prepare emergency plans in response to possible cyber security incidents, keep transaction information for no less than three years from the date on which the transaction has been completed, establish rules on the protection of intellectual property rights and conform to the principle of openness, fairness and justice. Violation of the provisions of the E-Commerce Law may entail being ordered to make corrections within a prescribed period of time, confiscation of gains illegally obtained, fines, suspension of business, inclusion of such violations in the credit records and possible civil liabilities.

REGULATIONS ON HEALTHCARE BIG DATA AND INFORMATION SECURITY AND DATA PRIVACY

Healthcare Big Data

On 21 June 2016, the General Office of the State Council promulgated the Guiding Opinions on Promoting and Regulating the Application and Development of Healthcare Big Data (《國務院辦公廳關於促進和規範健康醫療大數據應用發展的指導意見》), which stipulates that big data on health and medical treatment is a significant fundamental strategic resource and the State is to promote the sharing and disclosure of big data resources on health and medical treatment, encourage medical and health institutions to promote the collection and storage of big data on health and medical treatment, enhance application support and technical support for operation and maintenance, unblock the data resource sharing channels, accelerate the construction and perfection of an underlying database focusing on electronic health records, electronic medical records, and electronic prescriptions of residents, deepen the application of big data on health and medical treatment in all respects, and promote the establishment of a mechanism for sharing healthcare big data among various governmental authorities, including health authorities.

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On 12 July 2018, the National Health Commission promulgated the Administrative Measures on Standards, Security and Services of National Healthcare Big Data (for Trial Implementation) (《國家健康醫療大數據標準、安全和服務管理辦法(試行)》) (the “**Measures on Healthcare Big Data**”), which became effective on the same day. The Measures on Healthcare Big Data set out the guidelines and principles for standards management, security management and services management of healthcare big data. Pursuant to the Measures on Healthcare Big Data, the healthcare data produced by PRC citizens in the PRC can be managed and used by the state for the purposes of the state’s strategic safety and the benefits of the life and health of PRC citizens, provided that the state guarantees the PRC citizens their information, usage and personal privacy rights. The National Health Commission (including National Administration of Traditional Chinese Medicine) shall establish mechanisms for healthcare big data sharing, promote healthcare big data sharing and exchange, and lead the establishment of platform for the submission of the healthcare data, the catalog system of information resources and the system for information exchange. The National Health Commission with other relevant authorities shall be responsible for administration of healthcare big data nationwide together and each health authority above county level together with other relevant authorities shall be responsible for administration of healthcare big data within its jurisdiction. Medical institutions and relevant enterprises, including those entrusted by medical institutions to store or operate healthcare big data, shall, among other things, take measures such as data classification, data backup and encryption to ensure data security, and provide secured channels for information inquiries and copying.

Information Security and Data Privacy

On 28 May 2020, the NPC approved the Civil Code of the PRC (《中華人民共和國民法典》) (the “**Civil Code**”), which came into effect on 1 January 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual that need to obtain personal information of others shall obtain such information legally 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.

On 7 November 2016, the SCNPC promulgated the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cyber Security Law**”), which became effective on 1 June 2017. The Cyber Security Law requires network operators to perform certain functions related to cyber security protection and strengthen the network information management. For instance, under the Cyber Security Law, network operators of key information infrastructure generally shall, during their operations in the PRC, store personal information and important data collected and produced within the territory of the PRC. When collecting and using personal information, in accordance with the Cyber Security Law, network operators shall abide by the “lawful, justifiable and necessary” principles. The network operator shall collect and use personal information by announcing rules for collection and use, expressly notify the purpose, methods and scope of such collection and use, and obtain the consent of the person whose personal information is to be collected. The network operator shall neither collect the personal information unrelated to the services they provide, nor collect or use personal information in violation of the provisions of laws and administrative regulations or the agreements with such persons, and shall process the personal information they store in accordance with the provisions of laws and administrative regulations and agreements reached with such persons. Network operator shall not disclose,

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tamper with or destroy personal information that it has collected, or disclose such information to others without prior consent of the person whose personal information has been collected, unless such information has been processed to prevent specific person from being identified and such information from being restored. Each individual is entitled to require a network operator to delete his or her personal information if he or she finds that collection and use of such information by such operator violate the laws, administrative regulations or the agreement by and between such operator and such individual, and is entitled to require any network operator to make corrections if he or she finds errors in such information collected and stored by such operator. The network operator shall take measures to delete the information or correct the error. Any individual or organization may neither acquire personal information by stealing or through other illegal ways, nor illegally sell or provide personal information to others. Medical institutions and relevant enterprises shall also comply with laws and regulation on classified protection of cyber security and cybersecurity reviews.

On 10 June 2021, the SCNPC promulgated the Data Security Law, which became effective on 1 September 2021. Pursuant to the Data Security Law, data refers to any record of information in electronic or any other form and data processing includes but is not limited to the the collection, storage, use, processing, transmission, provision, and public disclosure of data. Industrial sector, telecommunications, transportation, finance, natural resources, health, education, science and technology, and other departments shall undertake the duty to supervise data security in their respective industries and fields.

The Data Security Law establishes a data protection system based on the category and security level of the data in terms of its importance for economic and social development and the potential harm caused by illegal use of such data to national security, public interest or rights and interests of individuals and organizations. Competent governmental authorities shall be responsible to formulate lists for “key data”. Higher level of protection shall apply to “national core data” which refers to data that are vital to national security, economy, people’s livelihood and major public interests. According to the Data Security Law, data activities affecting or likely to affect national security will be subject to national security review under the data security review system. The data relating to safeguarding national security and interests and performance of international obligations shall be subject to export control of China.

The Data Security Law stipulates that each organization or individual collecting data shall adopt legal and proper methods, and shall not steal or obtain data by other illegal methods, and the data processing activities shall comply with laws and regulations, respect social mores and ethics, comply with commercial ethics and professional ethics, be honest and trustworthy, perform obligations to protect data security, and undertake social responsibility; it shall not endanger national security, the public interest, or individuals’ and organizations’ lawful rights and interests.

Pursuant to the Data Security Law, entities conducting data processing activities, like the Group, must establish and improve a whole-process data security management system in accordance with the provisions of laws and regulations, organize and carry out data security education and training, and adopt corresponding technical measures and other necessary measures to ensure data security. Where the internet and other information networks are used to carry out data processing activities, the above-mentioned data security protection obligations shall be fulfilled using the network security level protection system. In addition, data transaction

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intermediary service providers shall check the sources of the data, the identities of parties involved in the data transactions and keep records accordingly. Violation of the Data Security Law may subject the relevant entities or individuals to warning, fines, suspension of business for rectification, revocation of permits or business licenses, and/or even criminal liabilities. Since the Data Security Law is relatively new, uncertainties still exist in relation to its interpretation and implementation.

On 13 April 2020, the CAC and ten other government departments jointly promulgated the CAC Measures. The CAC Measures became effective on 1 June 2020. It stipulates that operators of critical information infrastructures who procure network products and services that affect or may affect national security shall submit to a cybersecurity review. On 28 December 2021, the CAC, jointly with other 12 governmental authorities, promulgated the CAC Measures II, which became effective on 15 February 2022 and replaced the CAC Measures. Subsequently, on 4 January 2022, the CAC published the full text of the CAC Measures II on its official website. According to the CAC Measures II, critical information infrastructure operators that intend to purchase internet products and services and online platform operators engaging in data processing activities, which affect or may affect national security, must be subject to cybersecurity review. The CAC Measures II further elaborates on the factors to be considered when assessing the national security risks of the relevant objects or situations, including, among others: (i) the risk of core data, important data, or a large amount of personal information being stolen, leaked, destroyed, and illegally used or illegally transferred abroad; and (ii) the risk of critical information infrastructure, core data, important data, or a large amount of personal information being affected, controlled, or maliciously used by foreign governments and the risk of cyber information security due to the listing. Also, an online platform operator which possesses personal information of over one million users and intends to have a “foreign (國外) listing” must be subject to cybersecurity review.

Meanwhile, the CAC Measures II grants the CAC and other competent authorities the right to initiate a cybersecurity review without application, if any member organization of the cybersecurity review mechanism has reason to believe that any internet products, services or data processing activities affect or may affect national security.

On 14 November 2021, the CAC promulgated the Draft CAC Regulations. According to the Draft CAC Regulations, data processors shall, in accordance with relevant state provisions, apply for cybersecurity review when carrying out the following activities: (1) the merger, reorganization or separation of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affects or may affect national security; (2) data processors that handle the personal information of more than one million people intends to be listed abroad; (3) the data processor intends to be listed in Hong Kong, which affects or may affect national security; (4) other data processing activities that affect or may affect national security. However, the Draft CAC Regulations provides no further explanation or interpretation for “affects or may affect national security”. In addition, the Draft CAC Regulations also stipulate more detailed requirements (including obligations on training, record, evaluation, review, audit, filing, etc.) in respect of the data processing activities conducted by data processors through internet relating to personal data protection, important data safety, data cross-broader safety management and obligations of internet platform operators.

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Assuming the Draft CAC Regulations become effective in their current form entirely in the future, subject to further implementation details, guidance or clarification of the Draft CAC Regulations, the relevant key obligations of training, record, evaluation, review, audit and filing which might be relevant to us in the future are summarized as follows: (i) important data processors shall conduct all-employee data security training on a yearly basis, and yearly training hours for data security-related technical and managerial personnel shall not be less than twenty (20) hours; (ii) data processors which provide, share, trade, contract of processing personal information, shall retain log records for specific period; (iii) data processors which intend to be listed overseas shall complete data security evaluation each year and submit evaluation report to competent authorities; data processors shall submit investigation and evaluation reports to competent authorities when specific data security incidents are settled; (iv) data processors shall, in accordance with relevant state provisions, apply for cybersecurity review when carrying out certain activities, including the data processor intends to be listed in Hong Kong, which affect or may affect national security; (v) data processors shall fulfil report obligation to competent authorities, in the event that the specific data security incident occurs such as leakage, damage, or loss of important data or specific amount of personal information; or the merger, reorganization, spin-off occurs to the specific data processors; (vi) data processors shall conduct regular compliance audits in relation to personal information processing activities; and (vii) the processors of any important data shall fulfil record-filing obligation with competent authorities within specific period upon the identification of important data. When the Draft CAC Regulations come into effect, we may be required to fulfil the abovementioned obligations where applicable.

According to the Draft CAC Regulations, data processors that process personal information of more than one million people shall also comply with the provisions on important data safety of the Draft CAC Regulations for important data processors. Our Directors confirm that, to the best of their knowledge, we had not been identified as an important data processor as at the Latest Practicable Date. In the event that we are identified as an important data processor, we will take measures to fulfill applicable obligations under Draft CAC Regulations when they become effective.

On 20 August 2021, the SCNPC promulgated the PIP Law which took effect on 1 November 2021. The PIP Law sets forth detail rules on personal information protection requirements, including but not limited to more specific inform and consent requirements in various contexts, enhanced individual's rights, more protective obligations on personal data processors, and enhanced liability of violation of PIP Law and privacy litigation.

According to the PIP Law, personal information refers to any kind of information related to an identified or identifiable natural person as electronically or otherwise recorded, excluding information that has been anonymized. Processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, and deletion of personal information. Processing of personal information shall be for a specified and reasonable purpose, and shall be conducted for a purpose directly relevant to the purpose of processing and in a way that has the least impact on personal rights and interests. Collection of personal information shall be limited to the minimum scope necessary for achieving the purpose of processing and shall not be excessive. A personal information processor may process personal information of an individual after acquiring the individual's consent which shall be a voluntary and explicit indication of intent given by such individual on a fully informed basis and shall

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provide an easy way to withdraw consent. The processor could also process personal information without the individual's consent in the other circumstances prescribed under the PIP Law, such as the processing is necessary for the conclusion or performance of a contract to which the individual is a contracting party or for conducting human resource management under the labor rules and regulations developed in accordance with the law and a collective contract signed in accordance with the law; the processing is necessary to fulfill statutory functions or statutory obligations; etc. In the event that personal information is used by personal information processors in automated decision-making, transparency of the decision-making and fairness and impartiality of the results shall be ensured, and no unreasonable differential treatment of individuals in terms of transaction prices or other transaction terms may be implemented.

On 30 August 2019, the SAMR and the PRC Standardization Administration jointly promulgated the Information Security Technology—Guide for De-Identifying Personal Information (GB/T 37964-2019) (《信息安全技術—個人信息去標識化指南》) (the “**De-Identifying Guidelines**”), which became effective on 1 March 2020. The De-Identifying Guidelines are not laws but voluntary national standards widely cited by regulatory authorities as a reference in their enforcement activities. The De-Identifying Guidelines set forth the goals and principles of de-identifying and elaborate the methods and process of de-identifying from the technical perspective.

On 6 March 2020, the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (part of which has been incorporated to form the SAMR) and the PRC Standardization Administration jointly promulgated the Information Security Technology—Personal Information Security Guidelines (GB/T 35273-2020) (《信息安全技術—個人信息安全規範》) (the “**Personal Information Security Guidelines**”), which became effective on 1 October 2020. The Personal Information Security Guidelines are not laws but voluntary national standards widely cited by regulatory authorities as a reference in their enforcement activities. It lays out granular guideline on how to obtain consent and how personal information should be collected, used and shared. Under the Personal Information Security Guidelines, personal information refers to any information that is recorded, electronically or otherwise, that can be used alone or in combination with other information to identify a natural person or reflect the activity of a natural person. The organization or person who is in a position to determine the purpose, means and similar measures of personal information processing (the “**PI Controller**”), among other things, is required to inform the natural person, who is identified by or associated with the personal information (the “**PI Subject**”) of the purpose, method, scope and other rules for collecting and using such personal information and obtain consent from the PI Subject.

The Personal Information Security Guidelines also set forth requirements in relation to the PI Subject's rights in personal information processing activities, such as rights to consult, duplicate, correct, delete the information the PI Subject has provided, to withdraw the PI Subject's consent and to deregister their account. It also prescribes requirements for entrusted processing, sharing, transfer and public disclosure of personal information. Pursuant to the Personal Information Security Guidelines, after collecting the personal information, the controller of the personal information shall immediately conduct the data de-identification, implement the technical and administrative measures to store the de-identified data and the data separately which may be used to recover the identity of the persons and make sure not to identify the persons in the subsequent process of processing the personal information data.

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On 22 June 2007, the Ministry of Public Security, the National Administration of State Secrets Protection, the State Cipher Code Administration and the Information Office of the State Council (repealed) promulgated the Administrative Measures for the Graded Protection of Information Security (《信息安全等級保護管理辦法》) (the “**Measures for the Graded Protection**”), effective from 22 June 2007, pursuant to which graded protection of state information security shall follow the principle of “independent grading and independent protection”. Entities operating information systems shall determine the security protection grade of the information system pursuant to the Measures for the Graded Protection and the Guidelines for Grading of Classified Protection of Cyber Security (《網絡安全等級保護定級指南》) (the “**Guidelines for Grading**”), and report the grade to the relevant department for examination and approval. Pursuant to the Measures for the Graded Protection and the Guidelines for Grading, the grading of the classified protection of the information systems are determined based on two elements, namely what can be affected and how serious the consequences would be if the information systems are damaged. Specifically, the security protection grade of an information system shall be determined according to such factors as its level of importance to national security, economic development and social livelihood as well as its level of damage to national security, social order public interests and the legitimate rights and interests of citizens, legal persons and other organizations in case it is destroyed, according to which the security protection grade of an information system may be classified into the following five grades: (i) the Grade I information system, the destruction of which will cause damage to the legitimate rights and interests of citizens, legal persons and other organizations, but will cause no damage to national security, social order or public interests; (ii) the Grade II information system, the destruction of which will cause material damage to the legitimate rights and interests of citizens, legal persons and other organizations or cause damage to social order and public interests, but will not cause damage to national security; (iii) the Grade III information system, the destruction of which will cause material damage to social order and public interests or will cause damage to national security; (iv) the Grade IV information system, the destruction of which will cause particularly material damage to social order and public interests or will cause material damage to national security; and (v) the Grade V information system, the destruction of which will cause particularly material damage to national security.

For an information system determined to be Grade II or above, its operator shall make the record filing with relevant public security departments.

The entities operating information systems shall protect information systems pursuant to the Measures for the Graded Protection and the relevant technical standards and the state departments in charge of the supervision and administration of information security shall supervise and administer the graded protection work conducted by such entities. After the security protection grade of an information system is determined, its operator shall, in accordance with the norms for the administration of the graded protection of state information security and the relevant technical standards, use information technology products that conform to the relevant state provisions and satisfy the requirements on the protection grade for the security construction or reconstruction of the information system. In the process of constructing an information system, its operator shall synchronously construct the information security facilities that satisfy the requirements of the protection grade of the information system pursuant to certain technical standards. The entities operating an information system shall also formulate a security management system satisfying the requirements of the protection grade of the information system. After the information system is completed, the operators shall choose an

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assessment agency to conduct assessment on the security grade status of the information system on a regular basis and also shall conduct self-inspections on the security status of the information system and the implementation of the security protection system and relevant measures on a regular basis.

The Guidelines for Grading also stipulates the procedures of the grading and specify the methods to grade the information system, including how to determine what can be affected and the degree of impact.

On 8 May 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretation of Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院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》) (the “**Interpretations**”), effective from 1 June 2017. The Interpretations clarify several concepts regarding the crime of “infringement of citizens' personal information” stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including “citizens' personal information”, “violation of relevant national provisions”, “provision of citizens' personal information” and “illegally obtaining any citizen's personal information by other methods”. In addition, the Interpretations specify the standards for determining “serious circumstances” and “particularly serious circumstances” of this crime.

Pursuant to the Law of the PRC on Guarding State Secrets (2010 Revision) (《中華人民共和國保守國家秘密法(2010修訂)》) promulgated on 29 April 2010, and became effective from 1 October 2010, the regulators and policy makers shall mark state secret on all the media that carry information related to state secrets, while the information does not involve state secrets, it shall not be marked as state secrets. When engaged in our business, the Company did not see any state secret mark on the carries.

REGULATIONS ON RADIO AND TELEVISION PROGRAMS

According to the Regulations on Radio and Television Administration (《廣播電視管理條例》) promulgated by the State Council on 11 August 1997 and last amended on 29 November 2020, broadcasting and television program production and operation units may be established after obtaining approval from broadcasting stations, television stations, and departments of broadcasting and television administration of people's governments at or above the provincial level. Broadcasting and television programs can only be produced by broadcasting stations, television stations and broadcasting and television program production and operation units. No broadcasting and television stations shall broadcast broadcasting and television program produced by units without the licenses for broadcasting and television program production and operation. Pursuant to the Provisions for the Administration of the Production and Distribution of Radio and Television Programmes (《廣播電視節目製作經營管理規定》), which was promulgated by the State Administration of Press, Publication, Radio, Film and Television (the “**SARFT**”) on 19 July 2004 and amended by the SARFT on 28 August 2015, and 29 October 2020, a Radio and Television Program Production and Operation Permit (《廣播電視節目製作經營許可證》) shall be obtained for engaging in the activities of production and operation of radio and television programs.

Sinohealth Information has obtained the Radio and Television Program Product and Operation Permit.

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REGULATIONS ON PUBLISHING

Relevant Licenses for Publishing

The State Council promulgated the Administrative Regulations on Publishing (2001 Revision) (《出版管理條例(2001)》) on 25 December 2001, which was last amended on 29 November 2020. Pursuant to the Administrative Regulations on Publishing, institutions conducting the wholesale business of publications shall obtain the Publications Operation License (《出版物經營許可證》) from the publication administration authorities at provincial level, while institutions carrying on the retail business of publications shall obtain the Publications Operation License from the publication administration authorities at county level. The Provisions on the Administration of the Publication Market (2016) (《出版物市場管理規定(2016)》), jointly promulgated on 31 May 2016 by the State Administration of Press, Publication, Radio, Film and Television and MOFCOM, applies to the wholesale, retail, lease and exhibition of publications and also contains licensing requirements for the wholesale and retail of publications.

Sinohealth Information has obtained the Publications Operation License.

The Content of Publications

Pursuant to the Administrative Regulations on Publishing, no publication shall contain the following contents: (i) those opposing the basic principles established in the Constitution; (ii) those endangering the unification, sovereignty and territorial integrity of the State; (iii) those divulging State secrets, harming national security, or impairing the honor and interests of the State; (iv) those inciting the enmity, discrimination of nationalities, jeopardizing the unity among the various ethnic groups, or violating the customs and habits of nationalities; (v) those spreading cults or superstitions; (vi) those disturbing social order and destroying social stability; (vii) those inciting pornography, gambling, violence or instigating a crime; (viii) those insulting or libeling others, violating the lawful rights and interests of others; (ix) those endangering social moralities or fine national cultural traditions; or (x) other contents which are prohibited by PRC laws and regulations. A publisher shall adopt a system of editor's responsibility to ensure that the contents of its publications conform to the provisions of applicable regulations.

REGULATIONS ON ADVERTISING

Pursuant to the PRC Advertising Law, the advertising agent may be subject to civil or administrative liabilities under the circumstances that (i) it knows or should have known that the advertisement are false but still provides advertisement design or production service or agent service or provides recommendation or certification; (ii) it is unable to provide the advertiser's true name and address or valid contact information where a false advertisement is published causing damage to interest of consumers; (iii) it knows or should have known that the advertisement is in violation of provisions under PRC Advertising Law but still produces, serves as an agent for, or publishes the advertisement; and (iv) it fails to verify the contents of advertisements.

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REGULATIONS ON M&A RULES AND OVERSEAS LISTING

On 8 August 2006, six PRC regulatory agencies, including MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the SAMR, the CSRC and the SAFE, issued the M&A Rules, which took into effect on 8 September 2006 and was amended by MOFCOM on 22 June 2009. The M&A Rules, among other things, require that if an overseas company established or controlled by PRC companies or individuals intends to acquire equity interests or assets of any other PRC domestic company affiliated with such PRC companies or individuals, such acquisition must be submitted to MOFCOM for approval. The M&A Rules also require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of CSRC prior to publicly listing their securities on an overseas stock exchange. After the FIL and its implementation regulations became effective on 1 January 2020, the provisions of the M&A Rules remain effective to the extent they are not inconsistent with the FIL and its implementation regulations.

On 24 December 2021, the CSRC published the Administrative Provisions of the State Council on the Overseas Issuance and Listing of Securities by Domestic Enterprises (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草稿徵求意見稿)》) (the “**Draft Administrative Provisions**”), and the Administrative Measures for Record-filings of the Overseas Issuance and Listing of Securities by Domestic Companies (Draft for Comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》) (the “**Draft Measures for Record-filing**”), together with the Draft Administrative Provisions, the “**Drafts relating to Overseas Listings**”), which are open for public comments until 23 January 2022. The Drafts relating to Overseas Listings have not yet come into force. Pursuant to the Drafts relating to Overseas Listings, PRC domestic enterprises that directly or indirectly offer or list their securities in an overseas market, which include (i) any PRC joint stock companies; and (ii) any offshore company that conducts its business operations primarily in China and contemplates to offer or list its securities in an overseas market based on its onshore equities, assets or similar interests, are required to file with the CSRC within three business days after submitting their listing application documents to the relevant regulator in the place of intended listing. The Drafts relating to Overseas Listings also stipulate certain circumstances in which overseas listing should not be allowed. Failure to complete the filing under the Administrative Provisions may subject a PRC domestic company to a warning and a fine of RMB1 million to RMB10 million. Under serious circumstances, the PRC domestic company may be ordered to suspend its business or suspend its business until rectification, or its permits or businesses license may be revoked.

On 2 April 2022, the CSRC published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (Drafts for Comments) (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定(徵求意見稿)》) (the “**Draft Provisions on the Confidentiality and Archives**”) for public comments. The Draft Provisions on the Confidentiality and Archives is to revise the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Issuance and Listing of Securities (《關於加強在境外發行證券與上市相關保密和檔案管理工作的規定》) which was promulgated on 20 October 2009 (the “**2009 Provisions**”). The Draft Provisions on the Confidentiality and Archives expands the scope of domestic enterprises in the 2009 Provisions to domestic joint-stock enterprises listed on the overseas markets via direct offering,

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or domestic operational entities of enterprises listed on the overseas markets via indirect offering (the “**Domestic Enterprises**”), being consistent with the Drafts relating to Overseas Listings. Pursuant to the Draft Provisions on the Confidentiality and Archives, Domestic Enterprises that either directly or through its overseas listing entity, publicly disclose or provide relevant entities or individuals including securities companies, securities service providers, and overseas regulators (the “**Relevant Entities**”), with documents and materials that contain state secrets or government work secrets, shall first obtain approval from competent authorities, and file with the secrecy administrative department at the same level. Where there is ambiguity or dispute over the identification of a state secret or a government work secret, a request shall be submitted to the competent secrecy administrative department for determination. Besides, Domestic Enterprises that either directly or through its overseas listing entity, publicly disclose or provide relevant entities with documents and materials that, if divulged, will jeopardize national security or public interest, shall strictly fulfill relevant procedures stipulated by applicable national regulations. As compared to the 2009 Provisions, the Draft Provisions on the Confidentiality and Archives further stipulates relevant requirements including (i) Domestic Enterprises shall also provide written statement regarding the compliance with relevant requirements under the Draft Provisions on the Confidentiality and Archives if they provide documents or materials to securities companies or securities service providers; (ii) Domestic Enterprises that discover any divulgence or possible divulgence of state secrets, shall immediately take remedial actions and report to relevant authorities; and (iii) Domestic Enterprises that provide the Relevant Entities with accounting archives or copies of accounting archives that have important conservation value to the nation and the society shall fulfill due procedures in compliance with relevant national regulations.

REGULATIONS ON FOREIGN EXCHANGE CONTROL

Foreign Currency Exchange

Pursuant to the Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on 29 January 1996, which became effective on 1 April 1996 and last amended on 5 August 2008, and the Administrative Regulations on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》) promulgated by the People’s Bank of China on 20 June 1996 and which became effective on 1 July 1996, Renminbi is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and dividend payments after the relevant financial institutions have reasonably examined the authenticity of the transactions and their consistency with foreign exchange receipts and payments, but are not freely convertible for capital expenditure items such as direct investment, loans or investments in securities outside the PRC unless the approval of the SAFE or its local counterparts is obtained in advance.

On 30 March 2015, the SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “**SAFE Circular 19**”), which came into effect on 1 June 2015 and replaced the Circular on Issues Relating to the Improvement of Business Operations with Respect to the Administration of Foreign Exchange Capital Payment and Settlement of Foreign-invested Enterprises (《國家外匯管理局關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) (the “**SAFE Circular 142**”). The SAFE further promulgated the Circular on Reforming and Regulating

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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》) (the “**SAFE Circular 16**”) on 9 June 2016, which, among other things, amended certain provisions of the SAFE Circular 19. The SAFE Circular 19 and the SAFE Circular 16 removed certain restrictions previously provided under the SAFE Circular 142 on the conversion by a foreign-invested enterprise of its capital denominated in foreign currency into Renminbi and the use of such Renminbi and allowed foreign invested enterprises to settle their foreign currency-denominated capital at their discretion based on actual needs of their business operations. According to the SAFE Circular 19 and the SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of the SAFE Circular 19 or the SAFE Circular 16 could result in administrative penalties.

On 26 January 2017, the SAFE promulgated the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control (《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》) (the “**SAFE Circular 3**”), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transactions, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years’ losses before remitting profits. Moreover, pursuant to the SAFE Circular 3, domestic entities shall 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.

On 23 October 2019, the SAFE promulgated the Circular on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which expressly allows foreign-invested enterprises that do not have equity investments in their approved business scope to use capital obtained from foreign exchange settlement to make domestic equity investments as long as there is an authentic investment and such investment is in compliance with the foreign investment-related laws and regulations.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

On 4 July 2014, the SAFE promulgated the Circular 37 for the purpose of simplifying the approval process, and for the promotion of cross-border investment. Under the Circular 37, (i) before PRC residents or entities invest in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities, they must register with local SAFE branches with respect to their investments; and (ii) following the initial registration, they must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term, increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions).

The SAFE further promulgated the Circular 13 on 13 February 2015, which came into effect on 1 June 2015 and allows PRC residents or entities to register with qualified banks in connection with their establishment or control of an offshore entity established for the purpose of

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overseas investment or financing. The SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from distributing profits to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary.

REGULATIONS ON OUTBOUND DIRECT INVESTMENT

On 26 December 2017, the NDRC promulgated the Administrative Measures on Overseas Investments by Enterprises (《企業境外投資管理辦法》), which took effect on 1 March 2018. According to it, non-sensitive overseas investment projects are required to make record filings with the local branch of the NDRC. On 6 September 2014, MOFCOM promulgated the Administrative Measures on Overseas Investments (《境外投資管理辦法》), which took effect on 6 October 2014. According to such regulation, overseas investments of PRC enterprises that involve non-sensitive countries and regions and non-sensitive industries must make record filings with a local branch of MOFCOM. The Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) was issued by SAFE on 13 February 2015 and became effective on 1 June 2015, under which PRC enterprises must register for overseas direct investment with local banks. The shareholders or beneficial owners who are PRC entities are required to be in compliance with the related overseas investment regulations. If they fail to complete the filings or registrations required by overseas direct investment regulations, the relevant authority may order them to suspend or cease the implementation of such investment and make corrections within a specified time.

REGULATIONS ON LEASING

Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on 5 July 1994 and last amended on 26 August 2019 and became effective on 1 January 2020, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and lessee are also required to register the lease with the real estate administration department. If the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines.

REGULATIONS ON INTELLECTUAL PROPERTY

Trademarks

The Trademark Law of the PRC (《中華人民共和國商標法》) was promulgated in August 1982, amended on 22 February 1993, 27 October 2001, 30 August 2013 and last amended on 23 April 2019 and which came into effect on 1 November 2019, and Implementation Regulations on the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) was promulgated on 3 August 2002 by the State Council and amended on 29 April 2014. These laws and regulations provide the basic legal framework for the regulations of trademarks in the PRC. In the PRC, registered trademarks include commodity trademarks, service trademarks, collective marks and certificate marks.

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Domain Names

Internet domain name registration and related matters are primarily regulated by the Measures on Administration of Domain Names for the Chinese Internet (《中國互聯網絡域名管理辦法》) promulgated by the MII on 5 November 2004 and which took effect on 20 December 2004, which was superseded by the Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on 24 August 2017 and which came into effect on 1 November 2017. Domain name owners are required to register their domain names and the MIIT is in charge of the administration of PRC internet domain names. The domain name services follow a “first come, first file” principle. Applicants for registration of domain names shall provide their true, accurate and complete information of such domain names to and enter into registration agreements with domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedure.

Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on 12 March 1984, which was last amended on 17 October 2020 and took effect on 1 June 2021, and its Implementation Rules (Revision 2010) (《中華人民共和國專利法實施細則(2010年修訂)》) last amended by the State Council on 9 January 2010 and took into effect on 1 February 2010, the National Intellectual Property Administration is responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law of the PRC and its implementation rules provide for three types of patents, “invention”, “utility model” and “design”. Invention patents are valid for twenty years, while utility model patents are valid for ten years and design patents are valid for fifteen years, from the date of application.

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on 7 September 1990, implemented on 1 June 1991 and amended on 27 October 2001, 26 February 2010 and 11 November 2020 (the latest revision took effective on 1 June 2021) and the Implementing Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council on 2 August 2002, amended on 8 January 2011 and 30 January 2013 (the latest revision became effective on 1 March 2013), PRC nationals, legal persons, and other organizations shall enjoy copyright in their works, whether published or not, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. The copyright owner enjoys various kinds of rights, including right of publication, right of authorship and right of reproduction.

In order to further implement the Regulations for the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on 20 December 2001 and last amended on 30 January 2013, the State Copyright Bureau issued the Registration of Computer Software Copyright Procedures (《計算機軟件著作權登記辦法》) on 20 February 2002, which applies to software copyright registration, license contract registration and transfer contract registration with respect to software copyright.

REGULATORY OVERVIEW

REGULATIONS ON TAXATION

Corporate Income Tax

According to the CIT Law, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. Under the CIT Law, enterprises established outside of China whose “de facto management bodies” are located in China are considered “resident enterprises” and will generally be subject to the unified 25% corporate income tax rate as to their global income.

Enterprises that are recognized as High and New Technology Enterprises in accordance with the Administrative Measures for the Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》) issued by the Ministry of Science, the MOF and the SAT are entitled to enjoy a preferential corporate income tax rate of 15%. The validity period of the High and New Technology Enterprise qualification is three years from the date of issuance of the certificate. An enterprise can re-apply for recognition as a High and New Technology Enterprise before or after the previous certificate expires.

Withholding tax on dividend distribution

Furthermore, pursuant to the CIT Law and the Implementation Rules on the Corporate Income Tax of the PRC (《中華人民共和國企業所得稅法實施條例》) which was promulgated on 6 December 2007 and with effect from 1 January 2008 and amended on 23 April 2019, a withholding tax rate of 10% will be applicable to any dividend payable by foreign-invested enterprises to their non-PRC enterprise investors. In addition, pursuant 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避免雙重徵稅和防止偷漏稅的安排》) signed on 21 August 2006 and applicable in Hong Kong to income derived in any year of assessment commencing on or after 1 April 2007 and in mainland China to any year commencing on or after 1 January 2007, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more of equity interest in each such PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% equity interest in that subsidiary. According to the Notice of the SAT on Issues regarding the Implementation of Dividend Provisions in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), which was promulgated on 20 February 2009, recipients of dividends paid by PRC enterprises must satisfy certain requirements in order to obtain a preferential income tax rate pursuant to a tax treaty, one such requirement is that the taxpayer must be the “beneficiary owner” of relevant dividends. In order for a corporate recipient of dividends paid by a PRC enterprise to enjoy preferential tax treatment pursuant to a tax treaty, such recipient must be the direct owner of a certain proportion of the share capital of the PRC enterprise at all times during the 12 months preceding its receipt of the dividends. In addition, the Announcement of the State Administration of Taxation on Issues concerning the “Beneficial Owner” in Tax Treaties (《國家稅務總局關於稅收協定中「受益所有人」有關問題的公告》) promulgated on 3 February 2018 and effective 1 April 2018, defined the “beneficial owner” as a person who owns or controls income or the rights or property based on which the income is generated, and introduced various factors to adversely impact the recognition of such “beneficiary owners”. On 14 October 2019, the SAT issued the “Announcement of the SAT on Issuing the Administrative Measures for Non-resident

REGULATORY OVERVIEW

Taxpayers' Enjoyment of Treaty Benefits" (《非居民納稅人享受協定待遇管理辦法》) (the "**Circular 35**"), effective from 1 January 2020, which applies to entitlement to tax treaty benefits by non-resident taxpayers incurring tax payment obligation in the PRC. According to the Circular 35, if non-resident taxpayers determine through self-assessment that they are eligible for treaty benefits, they may enjoy tax treaty benefits when filing tax returns, or when withholding agents file withholding returns, and they should collect and retain relevant materials for review in accordance with the Circular 35 and accept the follow-up administration of tax authorities. Also, all levels of tax authorities shall, through strengthening follow-up administration for non-resident taxpayers' entitlement to tax treaty benefits, implement tax treaties and international transport agreements accurately, and prevent abuse of tax treaties and tax evasion and tax avoidance risks.

Value-added Tax

According to Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and was last amended on 19 November 2017, and the Implementation Rules for the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on 25 December 1993 and amended on 15 December 2008 and 28 October 2011, organizations and individuals engaging in sale of goods or processing, repair and assembly services, sale of services, intangible assets, immovable and importation of goods in the PRC shall pay value-added tax.

Corporate Income Tax on Indirect Transfer of Non-Resident Enterprises

On 10 December 2009, the SAT issued the Notice on Strengthening the Administration of Corporate Income Tax Concerning Proceeds from Equity Transfers by Non-Resident Enterprises (《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) (the "**SAT Circular 698**"). By promulgating and implementing the SAT Circular 698, the PRC tax authorities have enhanced their scrutiny over the indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise. The SAT further issued the Announcement on Several Issues Concerning Corporate Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the "**SAT Circular 7**") on 3 February 2015, to supersede existing provisions in relation to the indirect transfer as set forth in the SAT Circular 698. The SAT Circular 7 introduced a tax regime that is significantly different from that under the SAT Circular 698. The SAT Circular 7 extends its tax jurisdiction to capture not only indirect transfer as set forth under the SAT Circular 698 but also transactions involving transfer of immovable property in China and assets held under the establishment and place, in China of a foreign company through the offshore transfer of a foreign intermediate holding company. The SAT Circular 7 also provides clearer criteria than the SAT Circular 698 on how to assess reasonable commercial purposes and introduces safe harbor scenarios applicable to internal group restructurings. Where a non-resident enterprise indirectly transfers equity interests or other assets of a PRC resident enterprise by implementing arrangements that are not for reasonable commercial purposes to avoid its obligation to pay corporate income tax, such an indirect transfer shall, in accordance with the CIT Law, be recognized by the competent PRC tax authorities as a direct transfer of equity interests or other assets by the PRC resident enterprise.

REGULATORY OVERVIEW

On 17 October 2017, the SAT promulgated the Announcement on Matters Concerning Withholding at Source of Income Tax of Non-resident Enterprises (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》) (the “**SAT Circular 37**”), which came into force and replaced the SAT Circular 698 and certain other regulations on 1 December 2017 and partly amended on 15 June 2018. The SAT Circular 37 does, among other things, simplify procedures of withholding and payment of income tax levied on non-resident enterprises. Under the SAT Circular 7 and the Law on the Administration of Tax Collection of the PRC (《中華人民共和國稅收徵收管理法》) promulgated by the SCNPC on 4 September 1992 and newly amended on 24 April 2015, in the case of an indirect transfer of equity, entities or individuals obligated to pay the transfer price to the transferor shall act as withholding agents. If they fail to make withholding or withhold the full amount of tax payable, the transferor of equity shall declare and pay tax to the relevant tax authorities within seven days from the occurrence of tax payment obligation. Where the withholding agent does not make the withholding, and the transferor of the equity does not pay the tax payable amount, the tax authority may impose late payment interest on the transferor. In addition, the tax authority may also hold the withholding agents liable and impose a penalty of ranging from 50% to 300% of the unpaid tax on them. The penalty imposed on the withholding agents may be reduced or waived if the withholding agents have submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with the SAT Circular 7.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

The Labor Contract Law

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) which were separately with effect from 1 January 1995 (latest amended on 29 December 2018) and 1 January 2008 (amended on 28 December 2012), respectively, labor contracts shall be concluded if labor relationships are to be established between the employer and the employees.

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated on 28 October 2010 and with effect from 1 July 2011 and latest amended on 29 December 2018, and the Interim Regulations on the Collection of Social Insurance Fees (《社會保險費徵繳暫行條例》) issued by the State Council on 22 January 1999 and last amended on 24 March 2019, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. Pursuant to the Notice of the General Office of the State Council on Promulgation of the Pilot Programme for Implementing Consolidation of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於印發〈生育保險和職工基本醫療保險合併實施試點方案〉的通知》) and Opinions of the General Office of the State Council on Comprehensively Promoting the Implementation of the Combination of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) promulgated on 19 January 2017 and 6 March 2019, the maternity insurance and basic medical

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insurance for employees shall be consolidated. An employer shall make registration with the local social insurance agency in accordance with the provisions of the Social Insurance Law of PRC. Moreover, an employer shall declare and make social insurance contributions in full and on time. Pursuant to the Regulations on Housing Provident Fund (《住房公積金管理條例》) which was promulgated on 3 April 1999 and amended on 24 March 2002 and 24 March 2019, employers shall undertake registration at the competent administrative center of housing provident fund and then, upon the examination by such administrative center of housing provident fund, undergo the procedures of opening the account of the housing provident fund for their employees at the relevant bank. Enterprises are also obliged to timely pay and deposit housing provident funds for their employees in the full amount.

Pursuant to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was promulgated by the General Office of the Communist Party of China and the General Office of the State Council on 20 July 2018, from 1 January 2019, all social insurance premiums including premiums for the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance will be collected by the tax authorities. According to the Notice by the General Office of the State Taxation Administration on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated on 13 September 2018 and the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《人力資源和社會保障部辦公廳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 21 September 2018, all local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. Notice of the State Administration of Taxation on Implementing Measures on Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》) promulgated on 16 November 2018 repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises in the previous years.

REGULATIONS ON ANTI-CORRUPTION AND ANTI-BRIBERY

Pursuant to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by the SCNPC on 23 April 2019, a business operator shall not resort to bribery to seek a transaction opportunity or competitive advantage by offering money or goods or by any other means to (i) any employee of the counterparty in a transaction; (ii) any entity or individual entrusted by the counterparty in a transaction to handle relevant affairs; or (iii) any other entity or individual that takes advantage of powers or influence to influence a transaction. A business operator may expressly offer a discount to the counterparty or pay commissions to the intermediaries of a transaction in the course of transaction activities, which shall be properly recorded at both parties' accounting books. Any commercial bribery committed by an employee of a given operator will be deemed as conduct of such operator unless such operator has evidence that such act is not related to such operator's efforts in seeking a transaction opportunity or competitive advantage.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

BUSINESS DEVELOPMENT

Overview

We primarily provide healthcare insight solutions to address the sales and marketing needs of our medical product manufacturer clients. These solutions are based mainly on our retail data as a significant part of our healthcare big data. We have a leading position in the medical products and channels segment. Our partnering pharmacies are our important business partners who primarily supply us with retail data, forming a key component of our database. We deliver our solutions mainly via offline channels such as in the form of reports, publications, events and campaigns. According to the iResearch Report, we ranked first for the medical products and channel segment of healthcare insight solutions in the PRC in terms of (i) revenue in 2021, and (ii) number of top medical product manufacturers and number of corporate clients served in 2020. Our business can be traced back to December 2007, when our founder, Mr. Wu, who envisaged the potential business opportunity of providing integrated healthcare insight solutions and founded Sinohealth Information, the principal operating subsidiary of our Group, brought a wealth of experience from his previous tenure at the NMPA Southern Medicine Economic Research Institute (國家藥品監督管理局南方醫藥經濟研究所), where he was the general manager of the information center. Since our inception, we have been focusing on data acquisition, data standardization, data analytic application and resource integration in the healthcare industry. Backed by the big data, cloud-based information systems and AI technologies and Healthcare Industry Participant Networks which we have established over the years, we currently operate three business segments, including (i) Data Insight Solutions, (ii) Data-driven Publications and Events and (iii) SaaS.

Business Milestones

The following is a summary of our Group's key business development milestones:

Year	Key Milestones
2008	Established the China Pharmaceutical Retail Development Research Center, and commenced the national drug market data research and distribution
2011	Acquired a mainstream data service institution in the PRC pharmaceutical market, which greatly enhanced the Group's data research and business strength
2012	Commenced the systematic construction of multiple master databases and data standardization systems in the healthcare field Commenced the research and development of commercial big data technology
2014	Integrated the research and development resources in the systematic research of big data in the healthcare field
2015	Launched CHIS, our first SaaS product
2018	Expanded the application scenarios of our Data Insight Solutions to medical product logistics through cooperating with the wholly-owned subsidiary of a leading PRC logistic company in respect of the provision of data query services with access to medical product indexes available in our big data
2019	Established and released Big Data & AI Lab, and began to bring in external research and development projects Commenced operations of data warehouse, which significantly improved the Group's data processing capabilities

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Year	Key Milestones
2020	Expanded our SaaS business by launching LinkedSee system, Pharmacy Connect and Woodpecker Clinic Collaborated with Shenyang Institute of Computing Technology, University of Chinese Academy of Sciences (中國科學院大學瀋陽計算技術研究所) to establish a graduate practice base to foster our research and development capabilities

OUR MAJOR SUBSIDIARIES AND OPERATING ENTITIES

Sinohealth Information

Sinohealth Information is our major operating subsidiary which made significant contributions to our results of operations during the Track Record Period. Sinohealth Information was established in the PRC with limited liability on 20 December 2007. The following table sets out the corporate development of Sinohealth Information since its establishment and prior to the Reorganization:

Date	Change	Registered capital immediately after the change	Shareholding percentage immediately after the change
Upon establishment	–	RMB3,010,000	Mr. Wu (90%) and Mr. Wu's Father (10%)
15 April 2008	Transfer of 90% equity interests by Mr. Wu to Mr. Wu's Brother ⁽¹⁾	RMB3,010,000	Mr. Wu's Brother (90%) ⁽¹⁾ and Mr. Wu's Father (10%)
20 April 2010	(i) Transfer of (a) 90% equity interests by Mr. Wu's Brother to Mr. Wu and (b) 10% equity interests by Mr. Wu's Father to Mr. Wu ⁽¹⁾ (ii) Increase in registered capital of RMB7,000,000 subscribed by (a) Mr. Wu as to RMB4,897,900 and (b) Ms. Wu Meirong as to RMB2,102,100 ⁽²⁾	RMB10,010,000	Mr. Wu (79%) and Ms. Wu Meirong (21%)
15 June 2011	Transfer of (a) 79% equity interests by Mr. Wu to Mr. Wu's Father ⁽¹⁾ and (b) 3% equity interests by Ms. Wu Meirong to Mr. Lin Shaoting (林少挺) ⁽³⁾	RMB10,010,000	Mr. Wu's Father (79%) ⁽¹⁾ , Ms. Wu Meirong (18%) and Mr. Lin Shaoting (3%)
26 August 2013	Transfer of 3% equity interests by Mr. Lin Shaoting to Ms. Wu Meirong ⁽³⁾	RMB10,010,000	Mr. Wu's Father (79%) ⁽¹⁾ and Ms. Wu Meirong (21%)
6 May 2015	Transfer of 79% equity interests by Mr. Wu's Father to Mr. Wu ⁽¹⁾	RMB10,010,000	Mr. Wu (79%) and Ms. Wu Meirong (21%)

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Date	Change	Registered capital immediately after the change	Shareholding percentage immediately after the change
3 March 2016	Transfer of a total of 20% equity interests to Riqian LLP (being an employee shareholding platform of Sinohealth Information) by (a) Mr. Wu as 19.3% equity interests and (b) Ms. Wu Meirong as to 0.7% equity interests ⁽⁴⁾	RMB10,010,000	Mr. Wu (59.7%), Ms. Wu Meirong (20.3%) and Riqian LLP (20%)
29 July 2016	Transfer of (a) 6% equity interests by Mr. Wu to Ms. Wang ⁽⁵⁾ and (b) 6% equity interests by Ms. Wu Meirong to Mr. Wu Chunjiang (吳春江) ⁽⁶⁾	RMB10,010,000	Mr. Wu (53.7%), Riqian LLP (20%), Ms. Wu Meirong (14.3%), Ms. Wang (6%) and Mr. Wu Chunjiang (6%) ⁽⁶⁾
28 October 2016	Conversion into a joint stock company by converting the net asset value of Sinohealth Information as at 31 August 2016 into 36,000,000 shares with a nominal value of RMB1.00 each, and accordingly the share capital of Sinohealth Information became RMB36,000,000	RMB36,000,000	Mr. Wu (53.7%), Riqian LLP (20%), Ms. Wu Meirong (14.3%), Ms. Wang (6%) and Mr. Wu Chunjiang (6%) ⁽⁶⁾
13 April 2017	Increase in registered capital of RMB4,000,000 subscribed by (a) Shanghai Tianyi as to RMB3,105,882, (b) Ms. Shu Meizhen (束美珍) as to RMB705,882 and (c) Mr. Xu Haixun (續海訓) as to RMB188,236 ⁽⁷⁾	RMB40,000,000	Mr. Wu (48.33%), Riqian LLP (18%), Ms. Wu Meirong (12.87%), Shanghai Tianyi (7.7647%), Ms. Wang (5.4%), Mr. Wu Chunjiang (5.4%) ⁽⁶⁾ , Ms. Shu Meizhen (1.7647%) and Mr. Xu Haixun (0.4706%)
5 September 2018	Transfer of 705,882 shares, representing 1.7647% of the issued share capital, by Ms. Shu Meizhen to Zhongwei Tengyun ⁽⁷⁾	RMB40,000,000	Mr. Wu (48.33%), Riqian LLP (18%), Ms. Wu Meirong (12.87%), Shanghai Tianyi (7.7647%), Ms. Wang (5.4%), Mr. Wu Chunjiang (5.4%) ⁽⁶⁾ , Zhongwei Tengyun (1.7647%) and Mr. Xu Haixun (0.4706%)
21 September 2020	Transfer of 188,236 shares, representing 0.4706% of the issued share capital, by Mr. Xu Haixun to Shanghai Meijiu ⁽⁸⁾	RMB40,000,000	Mr. Wu (48.33%), Riqian LLP (18%), Ms. Wu Meirong (12.87%), Shanghai Tianyi (7.7647%), Ms. Wang (5.4%), Mr. Wu Chunjiang (5.4%) ⁽⁶⁾ , Zhongwei Tengyun (1.7647%) and Shanghai Meijiu (0.4706%) ⁽⁸⁾

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) From April 2008 to April 2010, Mr. Wu's Brother held the relevant equity interests in Sinohealth Information as nominee on trust for Mr. Wu for better risk management after family discussion among Mr. Wu, Mr. Wu's Father and Mr. Wu's Brother.

In April 2010, at the request of Ms. Wu Meirong, the then investor of Sinohealth Information, the nominee arrangement between Mr. Wu and Mr. Wu's Brother was terminated and accordingly Mr. Wu's Brother transferred the relevant equity interests in Sinohealth Information to Mr. Wu. Prior to the increase in registered capital of RMB7,000,000 of Sinohealth Information on 20 April 2010, in order to support the business development of Mr. Wu and for the sake of family succession, Mr. Wu's Father transferred the relevant equity interests he held in Sinohealth Information to Mr. Wu as a gift.

In June 2011, Mr. Wu intended to set up an offshore entity to hold his relevant equity interests in Sinohealth Information for the ease of corporate reorganization to facilitate possible listing plans in the future. Since Mr. Wu mistakenly believed that holding the equity interest in Sinohealth Information in his own name on the one hand while acquiring Sinohealth Information by his overseas special purpose vehicle on the other hand would possibly halt the approval procedure for such acquisition at that time, to facilitate the aforesaid procedure and with the unanimous consent of all the then shareholders of Sinohealth Information, Mr. Wu transferred the relevant equity interests in Sinohealth Information to Mr. Wu's Father who held the same as nominee on trust for Mr. Wu. From June 2011 to May 2015, Mr. Wu's Father held the relevant equity interests in Sinohealth Information as nominee on trust for Mr. Wu.

In May 2015, for the purpose of restructuring and taking into account the age of Mr. Wu's Father, the nominee arrangement between Mr. Wu and Mr. Wu's Father was terminated and accordingly Mr. Wu's Father transferred the relevant equity interests in Sinohealth Information to Mr. Wu.

- (2) Ms. Wu Meirong and her spouse, Mr. Li Hanxiong, are the founders and controllers of Yipinhong Pharmaceutical Stock Company Limited (一品紅製藥股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300723.SZ), which is engaged in the research and development, production and sales of pharmaceutical products. Save for her investment, Ms. Wu Meirong has no relationship with Mr. Wu and/or his close associates.
- (3) Mr. Lin Shaoting is a friend of Ms. Wu Meirong and an Independent Third Party save for his investment in Sinohealth Information. Mr. Lin Shaoting was optimistic about the healthcare insight solutions market and the potential development of our Group, and therefore acquired the relevant equity interests in Sinohealth Information from Ms. Wu Meirong in June 2011. Subsequently, in August 2013, due to his own personal funding needs, Mr. Lin Shaoting disposed the relevant equity interests in Sinohealth Information back to Ms. Wu Meirong.
- (4) Riqian LLP is held by employees of Sinohealth Information. Riqian LLP is a limited partnership enterprise established in the PRC on 29 January 2016, the general partner of which is Mr. Wu holding 2.0% interests and the remaining eight limited partners of which are Ms. Wang holding approximately 62.8866% interests, Mr. Su Caihua (chief data officer of our Group) holding 23.7% interests, Mr. Zhuang Weijin (vice president of our Group) holding 5.0% interests, Mr. Li Junguo (vice president of our Group) holding 2.08% interests and four other employees of our Group together holding approximately 4.3334% interests (with each ranging from 0.1667% to 1.6667%). As a management incentive scheme, Mr. Wu and Ms. Wu Meirong transferred the relevant equity interests in Sinohealth Information to Riqian LLP.
- (5) Ms. Wang is the spouse of Mr. Wu, and has joined Sinohealth Information since December 2008 to assist Mr. Wu in the business development of our Group. As a family arrangement, Mr. Wu transferred the relevant equity interests in Sinohealth Information to Ms. Wang at the consideration of RMB600,600, which was determined based on the then paid-up registered capital of Sinohealth Information.
- (6) Mr. Wu Chunjiang is the brother of Ms. Wu Meirong. Mr. Wu Chunjiang had held the relevant equity interests in Sinohealth Information as nominee on trust for Ms. Wu Meirong.
- (7) For details of the investments of Shanghai Tianyi, Ms. Shu Meizhen, Mr. Xu Haixun and Zhongwei Tengyun, see "—Pre-IPO Investments" in this section.
- (8) Shanghai Meijiu is the investment holding entity of Mr. Xu Haixun. Shanghai Meijiu is a limited partnership enterprise established in the PRC, the sole general partner of which is Mr. Xu Haixun holding 99% interests, and the limited partner of which is his nominee individual holding 1% interests on trust for Mr. Xu Haixun.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Other Subsidiaries

Set out below are the details of the other subsidiaries of our Group upon the Listing:

Name of entity	Principal/proposed business activities	Date of incorporation	Registered capital (onshore company)/ Issued share capital (offshore company)	Direct shareholder(s)
Sky Range BVI	Investment holding of Sinohealth HK	3 January 2019	US\$1.00	100%: our Company
Sinohealth HK	Investment holding of WFOE	15 March 2019	HK\$10,000	100%: Sky Range BVI
WFOE	To ensure the Contractual Arrangements are narrowly tailored, businesses of Sinohealth Information and its subsidiaries which are not subject to foreign ownership restrictions have been transferred to WFOE. For further details, see "Contractual Arrangements—PRC Laws and Regulations relating to Foreign Ownership Restrictions—Transfer the Non-restricted businesses to WFOE and its subsidiaries" in this prospectus.	8 April 2019	RMB300,000,000	100%: Sinohealth HK

Subsidiaries under Sinohealth Information

Guangzhou Xinkang	It had been previously engaged in the operation of Smart Retail Cloud under the business segment of SaaS which is not subject to foreign ownership restrictions. It subsequently ceased operation since December 2021 after the remaining contracts of the aforesaid business were completed. It is intended to provide internet information services which are subject to foreign ownership restrictions. For details, see "Contractual Arrangements" in this prospectus.	14 November 2016	RMB10,000,000	(i) 94%: Sinohealth Information; (ii) 4%: Mr. Zhou Pingping (周平平) (an employee of our Group) ^(Note) ; and (iii) 2%: Mr. Xie Chaoliang (谢朝亮) (an employee of our Group) ^(Note)
Sinohealth Jianshu	It had been previously engaged in the operation of Smart Medical Cloud under the business segment of SaaS which is not subject to foreign ownership restrictions. It subsequently ceased operation since December 2021 after the remaining contracts of the aforesaid business were completed. It is intended to provide internet information services which is subject to foreign ownership restrictions. For details, see "Contractual Arrangements" in this prospectus.	3 April 2018	RMB1,000,000	(i) 75%: Sinohealth Information; and (ii) 25%: Mr. Tang (the chief technology officer of our Group) ^(Note)
Guangzhou Jiasi	It is intended to be principally engaged in the provision of a web-based online market place for retail pharmacies as merchants involving value-added telecommunication business services under Smart Retail Cloud. Such value-added telecommunication services include internet information services that are subject to foreign ownership restrictions. For details, see "Contractual Arrangements" in this prospectus.	22 May 2019	RMB1,000,000	100%: Sinohealth Information

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name of entity	Principal/proposed business activities	Date of incorporation	Registered capital (onshore company)/ Issued share capital (offshore company)	Direct shareholder(s)
Hainan Sinohealth	It had been previously engaged in the operation under the business segment of Data-driven Publications and Events. It subsequently ceased operation since January 2021 after WFOE took over its business. It is intended to provide internet information services which are subject to foreign ownership restrictions. For details, see "Contractual Arrangements" in this prospectus.	26 December 2019	RMB1,000,000	100%: Sinohealth Information
Sinohealth Junyi	It had been previously engaged in the operation under (i) the business segment of Data-driven Publications and Events, and (ii) the Smart Medical Cloud under the business segment of SaaS which are not subject to foreign ownership restrictions. It subsequently ceased operation since September 2021 after the remaining contracts of the aforesaid business were completed. It is intended to provide internet information services which are subject to foreign ownership restrictions. For details, see "Contractual Arrangements" in the prospectus.	23 April 2020	RMB3,000,000	(i) 70%: Sinohealth Information; and (ii) 30%: Mr. Sun Zihao (孫梓豪) ^(Note) (an employee of our Group)
Guangzhou Zhuomuniao	It has not commenced business operation since its establishment and up to the Latest Practicable Date. It is intended to provide internet information services which is subject to foreign ownership restrictions.	14 October 2020	RMB1,000,000	100%: Sinohealth Jianshu
Guangzhou Xinshun	It had been previously engaged in the operation under the business segments of Data Insight Solutions and SaaS which is not subject to foreign ownership restrictions. It subsequently ceased operation since September 2021 after the remaining contracts of the aforesaid business were completed. It is intended to provide internet information services which are subject to foreign ownership restrictions. For details, see "Contractual Arrangements" in this prospectus.	22 October 2020	RMB10,000,000	(i) 35%: Sinohealth Information; (ii) 30%: Guangzhou Xinkang; and (iii) 35%: Mr. Xiao Lin (肖淋) (an employee of our Group) ^(Note)
Jiangxi Xinshun	It has not commenced business operation since its establishment and up to the Latest Practicable Date, and is intended to provide internet information services which are subject to foreign ownership restrictions. For details, see "Contractual Arrangements" in this prospectus.	29 January 2021	RMB5,000,000	100%: Guangzhou Xinshun
Subsidiaries under WFOE				
Guangzhou Jisi	It has not commenced business operation since its establishment and up to the Latest Practicable Date, and is intended to be engaged in the operation of Smart Medical Cloud under the business segment of SaaS.	22 May 2019	RMB1,000,000	(i) 75%: WFOE; and (ii) 25%: Mr. Tang (the chief technology officer of our Group) ^(Note)
Guangzhou Xisi	It is principally engaged in the operation of Smart Health Management Cloud under the business segment of SaaS.	4 June 2019	RMB1,000,000	100%: WFOE

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name of entity	Principal/proposed business activities	Date of incorporation	Registered capital (onshore company)/ Issued share capital (offshore company)	Direct shareholder(s)
Hainan Sinohealth Lian	It has not commenced business operation since its establishment and up to the Latest Practicable Date, and is intended to be an operating entity under the business segment of Data-driven Publications and Events.	26 December 2019	RMB1,000,000	100%: WFOE
Guangzhou Kangzhi	It is principally engaged in the operation of Smart Medical Cloud under the business segment of SaaS.	13 November 2020	RMB1,000,000	(i) 70%: WFOE; and (ii) 30%: Mr. Mao Zhiqi (毛之奇) (an Independent Third Party save for his investment in such company)
Sinohealth Ruima	It is principally engaged in the operation under the business segment of Data Insight Solutions for business opportunities introduced by Zhuhai Ruima.	20 February 2021	RMB10,000,000	(i) 60%: WFOE; and (ii) 40%: Zhuhai Ruima Brand Management Consulting Company Limited (珠海瑞馬品牌管理諮詢有限公司) ("Zhuhai Ruima")
Guangzhou Ruishu	It is an investment holding platform established primarily to invest in Beijing Sinohealth.	28 October 2021	RMB300,000	(i) 40%: Hainan Sinohealth Lian; and (ii) 60%: Mr. Cao Chengzhi (曹承志) (an employee of our Group)
Beijing Sinohealth	It had not commenced business operation since its establishment and up to the Latest Practicable Date, and is intended to be engaged in the provision of Growth and Investment Decision Solutions and Data-driven Marketing Solutions under the business segment of Data Insight Solutions.	26 November 2021	RMB5,000,000	(i) 70%: WFOE; (ii) 10%: Guangzhou Ruishu; (iii) 20%: Mr. Wang Mengliang (王夢良) (an employee of our Group) ^(Note)

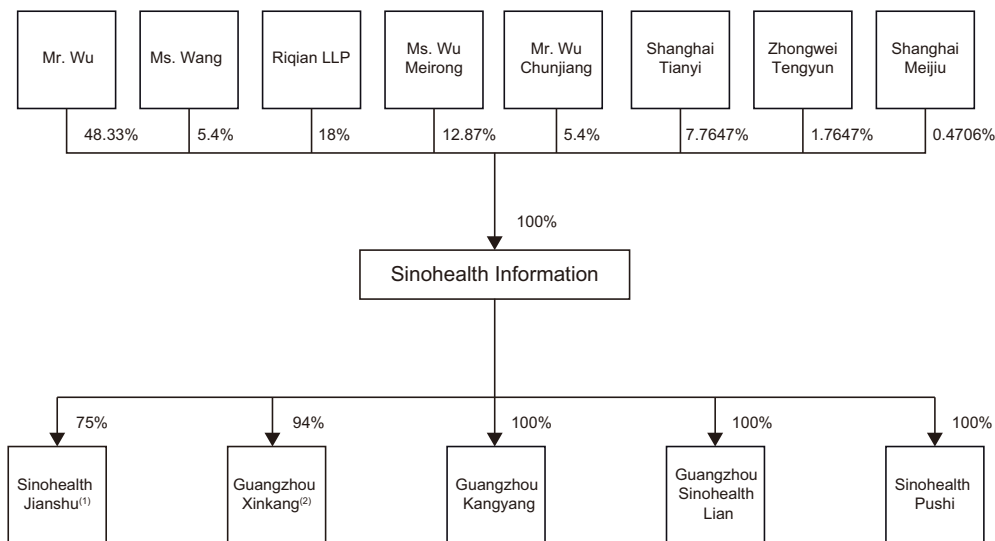
Note:

Minority interests are held by employees as a form of cooperation with these employees to develop the respective intended business operations of these companies by leveraging their relevant expertise and to incentivise and retain these high-calibre employees.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR GROUP STRUCTURE PRIOR TO REORGANIZATION

The following chart sets forth our Group's corporate and shareholding structure immediately before the Reorganization:



Notes:

- (1) The remaining 25% equity interests in Sinohealth Jianshu was held by Mr. Tang (the chief technology officer of our Group).
- (2) The remaining 6% equity interests in Guangzhou Xinkang was held as to 4% by Mr. Zhou Pingping (周平平) (an employee of our Group) and as to 2% by Mr. Xie Chaoliang (谢朝亮) (an employee of our Group).

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

REORGANIZATION

In preparation for the Listing and to streamline our corporate structure, we underwent the Reorganization.

Offshore Reorganization

Incorporation of Offshore Investment Holding Entities

The then shareholders / beneficial owners of Sinohealth Information incorporated their respective investment holding vehicles in the BVI as follows:

<u>Shareholders/Beneficial owners of Sinohealth Information</u>	<u>Investment holding vehicles</u>
Mr. Wu	Wellmark BVI
Ms. Wang	WLF BVI
Riqian LLP	Rikan LLP
Ms. Wu Meirong and Mr. Li Hanxiong	Montesy Capital BVI
Shanghai Tianyi	Shanghai Tianyi BVI
Zhongwei Tengyun	Zhongwei Tengyun BVI
Mr. Xu Haixun	Hansson BVI

Incorporation of our Company

On 4 March 2019, our Company was incorporated in the Cayman Islands as an exempted company with limited liability and authorized share capital of US\$50,000 divided into 50,000 Shares of nominal value of US\$1.00 each. Upon its incorporation, one Share was allotted and issued to the initial subscriber, which was transferred to Wellmark BVI on the same day.

Incorporation of Offshore Subsidiaries

On 3 January 2019, Sky Range BVI was incorporated in the BVI, and on 5 March 2019, one ordinary share, representing its entire issued share capital, was allotted and issued to our Company. On 15 March 2019, Sinohealth HK was incorporated in Hong Kong as a wholly-owned subsidiary of Sky Range BVI. Sinohealth HK is the holding company of WFOE, our PRC subsidiary.

Share Subdivision

On 18 May 2021, our Company resolved to subdivide each of its existing issued and unissued shares with a par value of US\$1.00 each in its share capital into 100 ordinary shares with a par value of US\$0.01 each, and all the subdivided shares be ranked *pari passu* in all respects with each other, such that thereafter, the authorized share capital of our Company becomes US\$50,000 divided into 5,000,000 Shares with a par value of US\$0.01 each. Upon completion of the share subdivision, Wellmark BVI held 100 Shares in our Company.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Allotment and Issue of Shares to Offshore Holding Companies

In accordance with the Reorganization Agreement, on 18 May 2021, our Company allotted and issued an aggregate of 4,999,900 Shares for cash to the following allottees, being the offshore holding companies of the shareholders/beneficial owners of Sinohealth Information immediately before the reduction of registered capital of Sinohealth Information, details of which are set out in “—Onshore reorganization—Reduction of registered capital of Sinohealth Information” below.

Allottee	Allottee shareholder(s)/ beneficial owner(s)	Consideration	Number of allotted Shares held by each Shareholder		Shareholding upon completion of the allotment and issue
			before the allotment and issue	after the allotment and issue	
Wellmark BVI	Mr. Wu	At par	100	2,416,500	48.33%
WLF BVI	Ms. Wang	At par	0	270,000	5.4%
Rikan LLP	Wellmark BVI (2%), WLF BVI (62.8866%), Mr. Su Caihua (23.7%), Mr. Zhuang Weijin (5.0%), Mr. Li Junguo (vice president of our Group) holding 2.08% interests and four other employees of our Group (4.3334%) (with each ranging from 0.1667% to 1.6667%)	RMB6,000,000	0	900,000	18%
Montesy Capital BVI	Ms. Wu Meirong (30%) and Mr. Li Hanxiong (the spouse of Ms. Wu Meirong) (70%)	RMB2,534,958	0	913,500	18.27%
Shanghai Tianyi BVI	Shanghai Tianyi	RMB132,000,000	0	388,235	7.7647%
Zhongwei Tengyun BVI	Zhongwei Tengyun	RMB37,000,000	0	88,235	1.7647%
Hansson BVI	Mr. Xu Haixun	RMB8,000,000	0	23,530	0.4706%

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Onshore Reorganization

Establishment of WFOE and Onshore Subsidiaries

On 8 April 2019, WFOE was established in the PRC as a wholly foreign-owned limited liability company. Since its establishment and up to the Latest Practicable Date, WFOE was wholly owned by Sinohealth HK.

From May 2019 to November 2021, in contemplation of potential business development, (a) eight subsidiaries were established under WFOE, namely (i) Sinohealth Ruima, (ii) Guangzhou Jisi, (iii) Guangzhou Xisi, (iv) Hainan Sinohealth Lian, (v) Guangzhou Kangzhi, (vi) Guangzhou Jiasi, (vii) Guangzhou Ruishu, and (viii) Beijing Sinohealth; and (b) ten subsidiaries were established under Sinohealth Information, namely (i) Hainan Sinohealth, (ii) Guangzhou Kangpu, (iii) Sinohealth Junyi, (iv) Guangzhou Zhuomuniao, (v) Sinohealth Tong, (vi) Guangzhou Xinyi, (vii) Guangzhou Xinshun, (viii) Jiangxi Xinshun, (ix) Guangzhou Rilang, and (x) Guangzhou Junyi.

In order to streamline the structure of Sinohealth Information as well as to narrowly tailor the Contractual Arrangements, as part of the Reorganization, the Group had deregistered Guangzhou Kangpu and Guangzhou Rilang, and Guangzhou Junyi and Sinohealth Tong applied/will apply for deregistration. For further details, see “—Deregistration of Subsidiaries of Sinohealth Information” in this section.

Reduction of Registered Capital of Sinohealth Information

Pursuant to the Reorganization Agreement, among others, Sinohealth Information agreed to reduce its paid-up registered capital from RMB40,000,000 to RMB21,492,000 by way of repurchases of the respective entire interests held by Riqian LLP, Ms. Wu Meirong, Mr. Wu Chunjiang, Shanghai Tianyi, Zhongwei Tengyun and Shanghai Meijiu, resulting in a deemed distribution in the total amount of RMB185,537,000 to the aforesaid shareholders. On 28 January 2021, a shareholders' meeting of Sinohealth Information was convened and resolved to reduce the registered capital of Sinohealth Information according to the Reorganization Agreement. Immediately following the repurchases of interests, Sinohealth Information was held as to 89.95% and 10.05% by Mr. Wu and Ms. Wang, respectively.

Acquisition of Guangzhou Jiasi

Guangzhou Jiasi was established as a wholly-owned subsidiary by WFOE on 22 May 2019. Since WFOE is a foreign-invested entity, in order to facilitate the obtaining of ICP License by Guangzhou Jiasi, WFOE transferred Guangzhou Jiasi to Mr. Wu pursuant to an equity transfer agreement dated 27 September 2020 at a consideration of RMB10,000 based on the then paid-up registered capital of Guangzhou Jiasi. Guangzhou Jiasi obtained the ICP License in March 2021.

Pursuant to an equity transfer agreement dated 29 April 2021, Sinohealth Information acquired the entire equity interests in Guangzhou Jiasi from Mr. Wu at a consideration of RMB1,000,000 based on the paid-up registered capital of Guangzhou Jiasi. The said transfer had been properly and legally settled. After the completion of the said transfer on 18 May 2021 and up to the Latest Practicable Date, 100% of Guangzhou Jiasi was held by Sinohealth Information.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Deregistration of Subsidiaries of Sinohealth Information

In order to streamline the structure of our Group, the Group had deregistered a number of subsidiaries as part of the Reorganization. Our Directors confirm that none of these ceased subsidiaries is insolvent, involved in any pending or unresolved arbitration or legal proceedings, or had any material non-compliances prior to its disposal or deregistration. Details of these ceased subsidiaries and their respective corporate histories are set out below:

Guangzhou Rilang

Guangzhou Rilang was established in the PRC with limited liability on 6 January 2020. Upon its establishment, the general partner of Guangzhou Rilang was Ms. Zhang Jun (張軍) (an Independent Third Party) holding 90% interests and the remaining one limited partner was Mr. Lv Shijian (呂石堅) (then employee of our Group) holding 10% interests. Subsequently, in March 2021, due to funding needs for development of her other personal businesses, Ms. Zhang Jun decided to cease to be the general partner of Guangzhou Rilang and dispose her investment in Guangzhou Rilang. As Guangzhou Rilang held 3% equity interests in Guangzhou Kangpu at that time, and to enhance the management and control by our Group in Guangzhou Kangpu, Guangzhou Xinyi took up the investment of Ms. Zhang Jun. Pursuant to the resolutions of the partners' meeting dated 22 March 2021 signed by Guangzhou Xinyi, Mr. Lv Shijian and Ms. Zhang Jun, Ms. Zhang Jun ceased to be the general partner of Guangzhou Rilang, and Guangzhou Xinyi subscribed for 90% interests in Guangzhou Rilang at the consideration of RMB81,000 which was determined with reference to the then paid-up registered capital of Guangzhou Rilang and became its general partner. In April 2021, considering Mr. Lv Shijian ceased to be an employee of our Group due to personal reasons, Sinohealth Information decided to take up the investment of Mr. Lv Shijian in Guangzhou Rilang, and in turn in Guangzhou Kangpu. Pursuant to the resolutions of the partners' meeting dated 28 April 2021 signed by Guangzhou Xinyi, Sinohealth Information and Mr. Lv Shijian, Mr. Lv Shijian ceased to be a limited partner of Guangzhou Rilang and Sinohealth Information acquired the 10% interest in Guangzhou Rilang from Mr. Lv Shijian at the consideration of RMB9,000 which was determined with reference to the then paid-up registered capital of Guangzhou Rilang and became its limited partner. After the completion of the said changes in partnership on 30 May 2021 and immediately prior to its deregistration, the general partner of Guangzhou Rilang was Guangzhou Xinyi holding 90% interests and the remaining one limited partner was Sinohealth Information holding 10% interests.

Guangzhou Rilang has not commenced any substantial business since its establishment save for holding interests in Guangzhou Kangpu. On 16 August 2021, Guangzhou Rilang was deregistered and ceased to be our Group company.

Guangzhou Kangpu

Guangzhou Kangpu was established in the PRC with limited liability on 10 March 2020. Upon its establishment, Guangzhou Kangpu was held as to 64%, 33% and 3% by Sinohealth Information, Mr. Lv Shijian (then employee of our Group) and Guangzhou Rilang, respectively. In April 2021, considering Mr. Lv Shijian ceased to be an employee of our Group due to personal reasons, Sinohealth Information decided to take up the investment of Mr. Lv Shijian in Guangzhou Kangpu. On 28 April 2021, Mr. Lv Shijian, Guangzhou Rilang and Sinohealth

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Information entered into an equity interest agreement, pursuant to which, Sinohealth Information acquired 33% and 3% equity interests in Guangzhou Kangpu from Mr. Lv Shijian and Guangzhou Rilang at the consideration of RMB990,000 and RMB1, respectively, each of which was determined with reference to the then paid-up registered capital of Guangzhou Kangpu in the amount of RMB990,000, which was all paid up by Mr. Lv Shijian. The transfers had been properly and legally settled. After the completion of the said transfers on 20 May 2021 and immediately prior to its deregistration, Guangzhou Kangpu was wholly owned by Sinohealth Information. Guangzhou Kangpu had previously engaged in the provision of the Growth and Investment Decision Solutions under our business segment of Data Insight Solutions, and such business was not subject to the foreign ownership restrictions. Given the administrative ease of business transfer in terms of time and cost efficiency, considering the minimal business operation of Guangzhou Kangpu at the time of transfer, WFOE took over the business of Guangzhou Kangpu instead of acquiring its equity interest. Guangzhou Kangpu subsequently ceased operation upon completion of transferring its business to WFOE in June 2021. In view of its dormant status, to simplify our Group's structure, Guangzhou Kangpu had applied for deregistration and was deregistered and ceased to be our Group company on 11 August 2021, and was therefore not included in the Listing Group. Prior to its deregistration, financial results of Guangzhou Kangpu were included in our Group's audited accounts throughout the Track Record Period. For the year ended 31 December 2020, Guangzhou Kangpu recorded revenue of approximately RMB238,000, gross loss of approximately RMB1,641,000 and net loss of approximately RMB1,646,000, and net assets of approximately RMB1,264,000 as at 31 December 2020. For the year ended 31 December 2021, Guangzhou Kangpu did not record any revenue, with only gross loss of approximately RMB16,000 and net profit of approximately RMB14,000. As Guangzhou Kangpu was deregistered in August 2021, it did not record any assets or liabilities as at 31 December 2021. Our Directors confirm that Guangzhou Kangpu was not a subject of any material non-compliant incidents, claims, litigation or legal proceedings (whether actual or threatened) during the Track Record Period.

Guangzhou Kangyang

Guangzhou Kangyang was established in the PRC with limited liability on 17 May 2017. Immediately prior to its deregistration, Guangzhou Kangyang was a wholly-owned subsidiary of Sinohealth Information, and had previously engaged in the provision of business support to our other Group companies. As the aforesaid business was not subject to the foreign ownership restrictions, to ensure the Contractual Arrangements are narrowly tailored, Guangzhou Kangyang ceased its business operation in January 2021. On 11 August 2021, Guangzhou Kangyang was deregistered and ceased to be our Group company.

Guangzhou Sinohealth Lian

Guangzhou Sinohealth Lian was established in the PRC with limited liability on 30 March 2017. Immediately prior to its deregistration, Guangzhou Sinohealth Lian was a wholly-owned subsidiary of Sinohealth Information, and had previously engaged in the provision of business support to our other Group companies. As the aforesaid business was not subject to the foreign ownership restrictions, to ensure the Contractual Arrangements are narrowly tailored, Guangzhou Sinohealth Lian ceased its business operation in January 2021. On 14 August 2021, Guangzhou Sinohealth Lian was deregistered and ceased to be our Group company.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Sinohealth Pushi

Sinohealth Pushi was established in the PRC with limited liability on 25 October 2017. Upon its establishment, Sinohealth Pushi was held as to 70% and 30% by Sinohealth Information and Mr. Qin Jianzeng (秦建增) (then employee of our Group), respectively. Since Mr. Qin Jianzeng subsequently ceased to be our employee, pursuant to an equity transfer agreement dated 4 February 2021, Sinohealth Information acquired 30% equity interests in Sinohealth Pushi from Mr. Qin Jianzeng at a consideration of RMB1,500,000 which was determined after arm's length negotiation with reference to the (i) then paid-up registered capital of Sinohealth Pushi in the amount of RMB10,000,000; and (ii) net liabilities of Sinohealth Pushi as at 28 February 2021 in the amount of approximately RMB4,530,000 due to the research and development fees incurred at the initial stage of its business development. Sinohealth Information paid a total amount of RMB3,000,000 to Mr. Qin Jianzeng, with RMB1,500,000 as consideration of the acquisition and the remaining for settlement of an amount due to Mr. Qin Jianzeng by Sinohealth Pushi of RMB1,500,000. The transfer had been properly and legally settled. After the completion of the said transfer on 1 March 2021 and immediately prior to its deregistration, Sinohealth Pushi was a wholly-owned subsidiary of Sinohealth Information. Sinohealth Pushi had previously engaged in the joint research and development of AI-MDT products under our business segment of SaaS together with Sinohealth Information, and such business was not subject to foreign ownership restrictions. Given the administrative ease of business transfer in terms of time and cost efficiency, considering the diminishing business operation of Sinohealth Pushi at the time of transfer, Guangzhou Xisi took over the business of Sinohealth Pushi instead of acquiring its equity interest. Sinohealth Pushi subsequently ceased operation upon completion of transferring its business to Guangzhou Xisi in July 2021. In view of its dormant status, to simplify our Group's structure, Sinohealth Pushi had applied for deregistration, which was completed on 22 December 2021. Upon deregistration, Sinohealth Pushi ceased to be our Group company, and was therefore not included in our Group. Prior to its deregistration, financial results of Sinohealth Pushi were included in our Group's audited accounts throughout the Track Record Period. While Sinohealth Pushi did not record any revenue and gross profit for the year ended 31 December 2019, it recorded net loss of approximately RMB5,397,000 for the year ended 31 December 2019, and net assets of approximately RMB2,562,000 as at 31 December 2019. For the years ended 31 December 2020 and 2021, Sinohealth Pushi recorded revenue of approximately RMB200,000 and RMB219,000, gross profit of RMB57,000 and RMB213,000, net loss of approximately RMB6,891,000 and RMB664,000, respectively, and net liabilities of RMB4,328,000 as at 31 December 2020. As Sinohealth Pushi was deregistered in December 2021, it did not record any assets or liabilities as at 31 December 2021. Our Directors confirm that Sinohealth Pushi was not a subject of any material non-compliant incidents, claims, litigation or legal proceedings (whether actual or threatened) during the Track Record Period.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The following subsidiaries of Sinohealth Information will apply for deregistration and will cease to be subsidiaries of Sinohealth Information upon deregistration:

Guangzhou Junyi

Guangzhou Junyi was established in the PRC with limited liability on 9 January 2020. As at the Latest Practicable Date, the general partner of Guangzhou Junyi was Sinohealth Information holding 40% interests and the remaining one limited partner was Mr. Cao Chengzhi (an employee of our Group) holding 60% interests. Guangzhou Junyi has not commenced any substantial business since its establishment save for holding interests in Sinohealth Tong. To streamline the structure of our Group, Guangzhou Junyi will apply for deregistration immediately after Sinohealth Tong (the investee company of Guangzhou Junyi) being deregistered. Upon deregistration, Guangzhou Junyi will cease to be our Group company.

Sinohealth Tong

Sinohealth Tong was established in the PRC with limited liability on 18 March 2020. As at the Latest Practicable Date, Sinohealth Tong was owned as to 70%, 20% and 10% by Sinohealth Information, Mr. Wang Mengliang (王夢良) (an employee of our Group) and Guangzhou Junyi, respectively. Sinohealth Tong had previously engaged in the provision of Growth and Investment Decision Solutions and Data-driven Marketing Solutions under the business segment of Data Insight Solutions. As the aforesaid business was not subject to the foreign ownership restrictions, to ensure the Contractual Arrangements are narrowly tailored, Sinohealth Tong is in the process of transferring its business to WFOE and its subsidiaries which is expected to be completed by the end of July 2022, and its principal business will be carried on by Beijing Sinohealth upon completion of the aforesaid transfer of business. Sinohealth Tong will apply for deregistration after the aforesaid transfer of business. Upon deregistration, Sinohealth Tong will cease to be our Group company.

Guangzhou Xinyi

Guangzhou Xinyi is established in the PRC with limited liability on 15 April 2020. Since its establishment and up to the Latest Practicable Date, Guangzhou Xinyi was wholly-owned by Sinohealth Information, and had not commenced any substantial business operation since its establishment save for holding 35% equity interests in Guangzhou Xinshun. To streamline the structure of our Group, on 23 February 2022, Guangzhou Xinyi transferred its entire equity interest held in Guangzhou Xinshun to Sinohealth Information at the consideration of RMB3,500,000 as determined based on the registered capital of Guangzhou Xinshun subscribed by Guangzhou Xinyi. Upon completion of the aforesaid transfer on 3 March 2022 and up to the Latest Practicable Date, Guangzhou Xinshun was held as to 35%, 30% and 35% by Sinohealth Information, Guangzhou Xinkang and Mr. Shao Lin (肖淋) (an employee of our Group), respectively. As at the Latest Practicable Date, Guangzhou Xinyi was in the course of applying for deregistration, which is expected to be completed in around late July 2022. Upon deregistration, Guangzhou Xinyi will cease to be our Group company.

Our Directors confirm that each of these companies above will be solvent, and not be involved in any pending or unresolved arbitration or legal proceedings, or have any material non-compliances, immediately prior to its application for deregistration.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Implementation of the Contractual Arrangements

For the implementation of the Contractual Arrangements, the structured contracts, namely, (a) Business Cooperation Agreements, (b) Exclusive Option Agreements, (c) Equity Pledge Agreements and (d) Voting Rights Proxy Agreements and Powers of Attorney, were entered into on 8 June 2021 and 6 May 2022 with respect to the contractual arrangements of the Consolidated Affiliated Entities, details of which are set out in “Contractual Arrangements” in this prospectus.

PRC Regulatory Compliance

Our PRC Legal Advisers have confirmed that the Reorganization in relation to the equity interest transfers in respect of our PRC subsidiaries as described above had been conducted in compliance with applicable PRC laws and regulations and had been legally completed and duly registered with local registration authorities of the PRC.

PRE-IPO INVESTMENTS

Information of our Pre-IPO investors

Shanghai Tianyi

Shanghai Tianyi is a limited company established in the PRC on 3 August 2006 and controlled by Mr. Yu Rong (俞榕). Mr. Yu Rong has over 20 years of investment experience in healthcare and medical service industries as controller and chairman of Shanghai Tianyi Enterprise Holding Co. Ltd. (上海天億實業控股集團有限公司) (“**Tianyi Enterprise**”), a limited company established in the PRC, which is an investment holding platform focusing on investments in medical services, technology, agriculture, environmental protection and finance, and the director of Shanghai Tianyi and Meinian Healthcare. Shanghai Tianyi is a subsidiary of Tianyi Enterprise and a significant shareholder of Meinian Onehealth Healthcare Holding Co., Ltd. (美年大健康產業控股股份有限公司) (“**Meinian Healthcare**”), a joint stock company with limited liability established in the PRC, whose shares are listed and traded on the Shenzhen Stock Exchange (stock code: 002044.SZ) and principally engaged in provision of health examination and consultation services. Meinian Healthcare Industrial (Group) Company Limited (美年大健康產業(集團)有限公司), a wholly-owned subsidiary of Meinian Healthcare, has been a client of our Group since 2019 purchasing our AI-MDT products. Each of Shanghai Tianyi and Mr. Yu Rong is an Independent Third Party.

Ms. Shu Meizhen

Ms. Shu Meizhen is a business partner and personal friend of Mr. Yu Rong, who ceased to be our pre-IPO investor after the transfer of all her shares in Sinohealth Information to Zhongwei Tengyun in September 2018. Ms. Shu Meizhen is an Independent Third Party.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Mr. Xu Haixun

Mr. Xu Haixun is a business partner of Mr. Yu Rong. Mr. Xu Haixun holds senior management positions in various controlled / invested entities of Mr. Yu Rong including (i) the chairman and general manager of Guangdong Meinian National Medication Investment Co. Ltd. (廣東美年國醫投資有限公司) and (ii) a director of Beijing Yangniantang Chinese Medical Outpatients Co. Ltd. (北京養年堂中醫門診部有限公司), both of which are subsidiaries of Meinian Healthcare. Mr. Xu Haixun is an Independent Third Party.

Zhongwei Tengyun

Zhongwei Tengyun is a limited partnership enterprise established in the PRC on 13 November 2017 and controlled by Shanghai Tianyi, which is in turn controlled by Mr. Yu Rong. For further details of Shanghai Tianyi, see “—Pre-IPO Investments—Information of our Pre-IPO investors—Shanghai Tianyi” in this section. Zhongwei Tengyun became our pre-IPO investor after the acquisition of shares in Sinohealth Information from Ms. Shu Meizhen in September 2018. Zhongwei Tengyun is an Independent Third Party.

Background and Strategic Benefits of Investments

Mr. Wu first acquainted with Mr. Yu Rong in a healthcare industry conference in 2014. In March 2017, after learning about our proposed financing and restructuring, Mr. Yu Rong communicated with Mr. Wu and expressed his intention to invest in our Group because he was optimistic about the overall healthcare industry as well as our business prospects in particular our development layout planning and research and development in the technology of smart platform. On the other hand, taking into consideration of Mr. Yu Rong’s experience and background in the healthcare and medical services industry, Mr. Wu believed that besides additional cashflow, the pre-IPO investments of Mr. Yu Rong would bring synergies to our Group and were conducive to the expansion of our client base and enhancement of our industry visibility. Through the introduction of Mr. Yu Rong, Ms. Shu Meizhen and Mr. Xu Haixun were also interested and participated in the proposed investments in our Group with their own respective fundings. On 28 March 2017, Shanghai Tianyi, Ms. Shu Meizhen and Mr. Xu Haixun on the one hand and Sinohealth Information, Mr. Wu, Ms. Wu Meirong, Ms. Wang, Mr. Wu Chunjiang and Riqian LLP on the other hand entered into an investment agreement and its supplemental agreement (the “**Investment Agreements**”) in relation to the subscription for a total 10% of the enlarged share capital of Sinohealth Information.

Subsequently, in August 2018, due to funding needs for development of her other personal businesses, Ms. Shu Meizhen decided to dispose of her investment in Sinohealth Information. As Mr. Yu Rong was confident in our Group’s performance and prospects, with the consent of all the other shareholders of Sinohealth Information, Mr. Yu Rong, through Zhongwei Tengyun, took up the investment of Ms. Shu Meizhen. On 5 September 2018, Ms. Shu Meizhen as vendor and Zhongwei Tengyun as purchaser entered into a share transfer agreement (the “**Share Transfer Agreement**”) in relation to the transfer of the investment of Ms. Shu Meizhen in Sinohealth Information to Zhongwei Tengyun.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Details of Investments

Investment Agreements

Pursuant to the Investment Agreements, Shanghai Tianyi, Ms. Shu Meizhen and Mr. Xu Haixun together subscribed for 4,000,000 new shares (representing 10% of its enlarged share capital) of Sinohealth Information at a total consideration of RMB170,000,000 (comprising newly increased registered capital of RMB4,000,000 and capital reserve of RMB166,000,000) as follows:

- (i) Shanghai Tianyi subscribed for 3,105,882 new shares (representing approximately 7.7647% of its enlarged share capital) of Sinohealth Information for a consideration of RMB132,000,000;
- (ii) Ms. Shu Meizhen subscribed for 705,882 new shares (representing approximately 1.7647% of its enlarged share capital) of Sinohealth Information for a consideration of RMB30,000,000; and
- (iii) Mr. Xu Haixun subscribed for 188,236 new shares (representing approximately 0.4706% of its enlarged share capital) of Sinohealth Information for a consideration of RMB8,000,000.

The 1.7647% shareholding held by Ms. Shu Meizhen in Sinohealth Information was subsequently transferred to Zhongwei Tengyun in September 2018 pursuant to the Share Transfer Agreement.

The 0.4706% shareholding held by Mr. Xu Haixun was subsequently transferred to Shanghai Meijiu, a limited partnership enterprise controlled by him, at a consideration of RMB8,000,000 pursuant to a share transfer agreement dated 21 September 2020.

Share Transfer Agreement

Pursuant to the Share Transfer Agreement, Ms. Shu Meizhen transferred 705,882 existing shares (representing approximately 1.7647% of the issued share capital) of Sinohealth Information, together with all her rights and obligations under the Investment Agreements, to Zhongwei Tengyun for a consideration of RMB37,000,000.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Set forth below is the summary of the investments of our pre-IPO investors:

	Name of pre-IPO investor			
	Shanghai Tianyi	Ms. Shu Meizhen	Mr. Xu Haixun	Zhongwei Tengyun
Amount of consideration	Investment Agreements			
	RMB170,000,000, which was determined based on arm's length negotiations with reference to the then estimated revenue of RMB113 million of our Group for the year ended 31 December 2016			
	Share Transfer Agreement			
	RMB37,000,000, which was determined based on their arm's negotiations and taking into account the investment return for Ms. Shu Meizhen			
Settlement date of consideration	9 May 2017	10 May 2017	11 May 2017	7 September 2018
Shareholding in our Company upon Listing^(Note 1)	29,117,625 Shares through Shanghai Tianyi BVI, representing approximately 6.4706% of the issued share capital of our Company upon Listing	N/A ^(Note 2)	1,764,750 Shares through Hansson BVI, representing approximately 0.3922% of the issued share capital of our Company upon Listing	6,617,625 Shares through Zhongwei Tengyun BVI, representing approximately 1.4706% of the issued share capital of our Company upon Listing
Cost per Share paid by the pre-IPO investors (taking into account the Capitalization Issue)	Investment Agreements			
	Approximately HK\$5.28 (representing a discount of approximately 14.3% to the mid-point of the indicative Offer Price range of HK\$5.36 to HK\$6.96)			
	Share Transfer Agreement			
	Approximately HK\$6.51 (representing a premium of approximately 5.7% to the mid-point of the indicative Offer Price range of HK\$5.36 to HK\$6.96)			
Special rights granted^(Note 3)	Nil	Nil	Nil	Nil
Lock-up and public float	Neither the Investment Agreements nor the Share Transfer Agreement imposes any lock-up obligations over the Shares directly or indirectly held by Shanghai Tianyi, Ms. Shu Meizhen, Mr. Xu Haixun and Zhongwei Tengyun upon Listing. Each of Shanghai Tianyi BVI, Hansson BVI and Zhongwei Tengyun BVI has voluntarily given a 6-month lock-up undertaking to our Company and the Sole Sponsor (for itself and on behalf of the Underwriters) in respect of, any of those Shares of which it is shown by this prospectus to be the beneficial owner. The respective Shares held by Shanghai Tianyi BVI, Hansson BVI and Zhongwei Tengyun BVI will be counted towards public float after the Listing for the purpose of Rule 8.08 of the Listing Rules			

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name of pre-IPO investor			
Shanghai Tianyi	Ms. Shu Meizhen	Mr. Xu Haixun	Zhongwei Tengyun

Use of proceeds *Investment Agreements*

The proceeds from the investments of Shanghai Tianyi, Ms. Shu Meizhen and Mr. Xu Haixun served as the general working capital of our Group, which have been fully utilized as at the Latest Practicable Date

Share Transfer Agreement

N/A. The consideration was paid by Zhongwei Tengyun to Ms. Shu Meizhen

Notes:

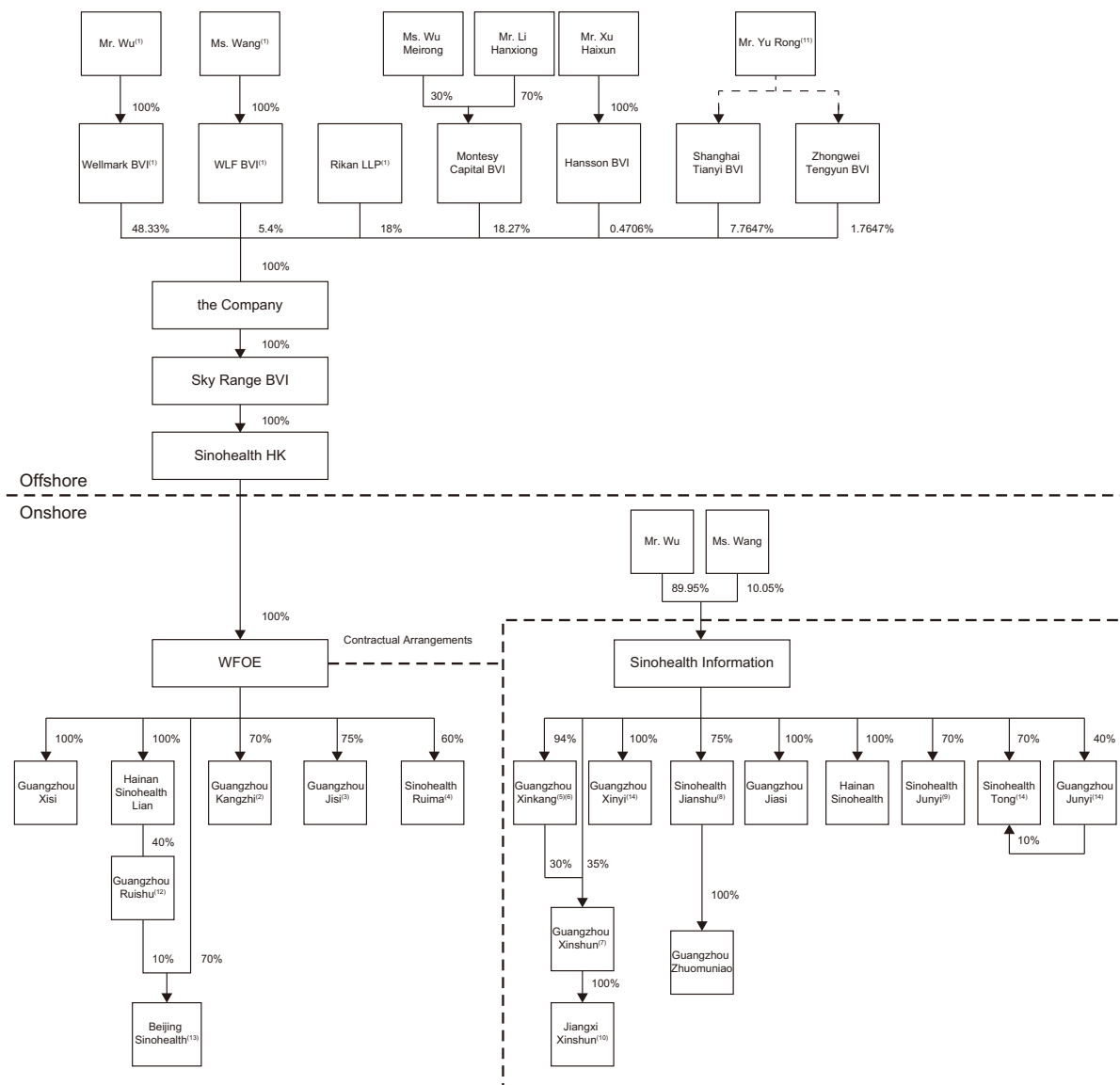
1. Assuming the Over-allotment Option is not exercised and taking into no account of the Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.
2. Ms. Shu Meizhen subsequently disposed of her investment to Zhongwei Tengyun.
3. Pursuant to the Investment Agreements, Shanghai Tianyi, Ms. Shu Meizhen and Mr. Xu Haixun were granted certain special rights, including pre-emptive right, right of first refusal, anti-dilution right and co-sale right. Pursuant to the Share Transfer Agreement, Zhongwei Tengyun assumed all the rights and obligations (including the special rights) of Ms. Shu Meizhen under the Investment Agreements. All of the special rights under the Investment Agreements have been terminated with effect from 31 December 2020 pursuant to a termination agreement dated the same date among Shanghai Tianyi, Zhongwei Tengyun and Shanghai Meijiu one the one hand and Sinohealth Information, Mr. Wu, Ms. Wu Meirong, Ms. Wang, Mr. Wu Chunjiang and Riqian LLP on the other hand.

Compliance with Interim Guidance and Guidance Letters

After reviewing the Pre-IPO Investments documents, and given that (i) our Directors confirmed that the terms of the Pre-IPO Investments were determined based on arm's length basis; and (ii) the Pre-IPO Investments were completed more than 28 days before the submission of the application for the Listing, the Sole Sponsor confirms that the Pre-IPO Investments are in compliance with the Interim Guidance on Pre-IPO Investment issued by the Stock Exchange on October 13, 2010 and as updated in March 2017, and the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The following diagram shows the shareholding and corporate structure of our Group immediately after completion of the Reorganization but before completion of the Capitalization Issue and the Global Offering:



Notes:

- (1) Mr. Wu, Ms. Wang, Wellmark BVI, WLF BVI and Rikan LLP are regarded as a group of Controlling Shareholders. For detail of the Controlling Shareholders, see “Relationship with our Controlling Shareholders” in this prospectus.

Rikan LLP is a limited partnership and an employee shareholding platform of our Group, the sole general partner of which is Wellmark BVI holding approximately 2% interests. Other than Wellmark BVI, Rikan LLP has eight limited partners, namely WLF BVI holding approximately 62.8866% interests, Mr. Su Caihua (chief data officer of our Group) holding 23.7% interests, Mr. Zhuang Weijin (vice president of our Group) holding 5.0% interests, Mr. Li Junguo (vice president of our Group) holding 2.08% interests and four other employees of our Group together holding approximately 4.3334% interests (with each ranging from 0.1667% to 1.6667%). Pursuant to the limited partnership agreement of Rikan LLP, the general partner has exclusive responsibility and control for the management, operation and administration of Rikan LLP and its business and affairs, and the authority in its sole discretion to cause Rikan LLP to make distributions of profits and

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

surplus to its partners which shall be made in proportion to the respective contributions of the partners. Each of the limited partners of Rikan LLP shall be an employee of our Group. Where any limited partner (or its beneficial owner(s)) ceases to be an employee of our Group, he/she/it will cease to be a limited partner with immediate effect, and his/her/its partnership interest will be transferred to the general partner and/or any other limited partner(s) specified by the general partner.

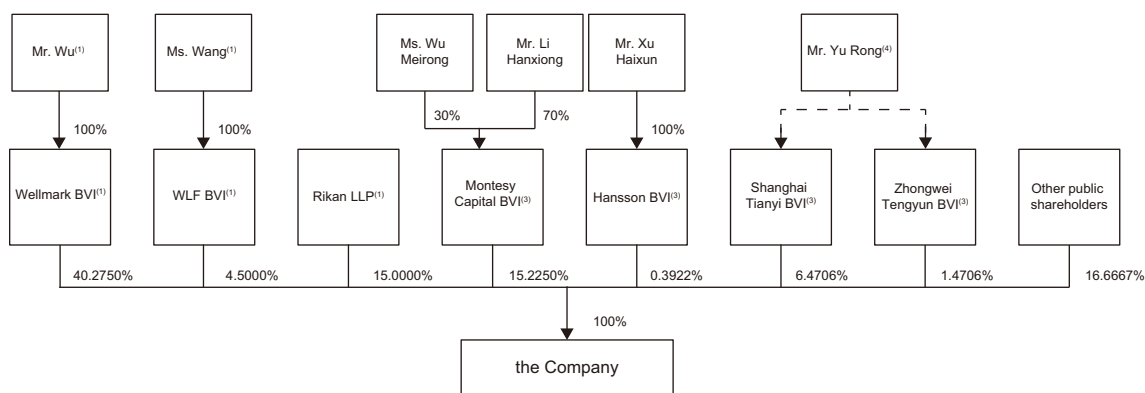
- (2) The remaining 30% equity interests in Guangzhou Kangzhi was held by Mr. Mao Zhiqi (毛之奇) (an Independent Third Party save for his investment in such company).
- (3) The remaining 25% equity interests in Guangzhou Jisi was held by Mr. Tang (the chief technology officer of our Group).
- (4) The remaining 40% equity interests in Sinohealth Ruima was held by Zhuhai Ruima Brand Management Consulting Company Limited (珠海瑞馬品牌管理諮詢有限責任公司) (an Independent Third Party save for its investment in such company).
- (5) The remaining 6% equity interests in Guangzhou Xinkang was held by Mr. Zhou Pingping (周平平) (an employee of our Group) as to 4% and Mr. Xie Chaoliang (謝朝亮) (an employee of our Group) as to 2%.
- (6) During the Track Record Period, Guangzhou Xinkang held 40% equity interests in Lanyu Health. Lanyu Health had not commenced any business operation since its establishment and was deregistered on 2 March 2022.
- (7) The remaining 35% equity interests in Guangzhou Xinshun was held by Mr. Xiao Lin (肖淋) (an employee of our Group).
- (8) The remaining 25% equity interests in Sinohealth Jianshu was held by Mr. Tang (the chief technology officer of our Group).
- (9) The remaining 30% equity interests in Sinohealth Junyi was held by Mr. Sun Zihao (孫梓豪) (an employee of our Group).
- (10) Jiangxi Xinshun held 49% equity interests in Jiangxi Yaoshunshun. Jiangxi Yaoshunshun has not commenced any business operation since its establishment.
- (11) Both Shanghai Tianyi BVI and Zhongwei Tengyun BVI are ultimately controlled by Mr. Yu Rong (俞榕). As such, Mr. Yu Rong, in effect, controls a total of 9.5294% of our Company held by Shanghai Tianyi BVI and Zhongwei Tengyun BVI in our Company in aggregate as at the Latest Practicable Date. For further details, see “Substantial Shareholders” in this prospectus.
- (12) The remaining 60% equity interests in Guangzhou Ruishu was held by Mr. Cao Chengzhi (曹承志) (an employee of our Group).
- (13) The remaining 20% equity interests in Beijing Sinohealth was held by Mr. Wang Mengliang (王夢良) (an employee of our Group).
- (14) Guangzhou Xinyi, Sinohealth Tong and Guangzhou Junyi will apply for deregistration, and upon their respective deregistration, they will cease to be our Group companies.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

GLOBAL OFFERING AND CAPITALIZATION ISSUE

Conditional upon the creation of the Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorized to capitalize an amount of US\$3,700,000 standing to the credit of the share premium account of the Company by applying such sum towards paying up in full at par a total of 370,000,000 Shares for allotment and issue to the then existing Shareholders.

The following diagram shows the shareholding structure of our Group immediately after completion of the Capitalization Issue and the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme:



Notes:

- (1) Mr. Wu, Ms. Wang, Wellmark BVI, WLF BVI and Rikan LLP are regarded as a group of Controlling Shareholders. For detail of the Controlling Shareholders, see "Relationship with our Controlling Shareholders" in this prospectus.

Rikan LLP is a limited partnership and an employee shareholding platform of our Group, the sole general partner of which is Wellmark BVI holding approximately 2% interests. Other than Wellmark BVI, Rikan LLP has eight limited partners, namely WLF BVI holding approximately 62.8866% interests, Mr. Su Caihua (chief data officer of our Group) holding 23.7% interests, Mr. Zhuang Weijin (vice president of our Group) holding 5.0% interests, Mr. Li Junguo (vice president of our Group) holding 2.08% interests and four other employees of our Group together holding approximately 4.3334% interests (with each ranging from 0.1667% to 1.6667%). Pursuant to the limited partnership agreement of Rikan LLP, the general partner has exclusive responsibility and control for the management, operation and administration of Rikan LLP and its business and affairs, and the authority in its sole discretion to cause Rikan LLP to make distributions of profits and surplus to its partners which shall be made in proportion to the respective contributions of the partners. Each of the limited partners of Rikan LLP shall be an employee of our Group. Where any limited partner (or its beneficial owner(s)) ceases to be an employee of our Group, he/she/it will cease to be a limited partner with immediate effect, and his/her/its partnership interest will be transferred to the general partner and/or any other limited partner(s) specified by the general partner.

- (2) The Shares held by each of Shanghai Tianyi BVI, Hansson BVI and Zhongwei Tengyun BVI will be counted towards public float after the Listing for the purpose of Rule 8.08 of the Listing Rules.
- (3) Each of Montesy Capital BVI, Hansson BVI, Shanghai Tianyi BVI and Zhongwei Tengyun BVI has voluntarily given a 6-month lock-up undertaking to our Company and the Sole Sponsor (for itself and on behalf of the Underwriters) in respect of, any of those Shares of which it is shown by this prospectus to be the beneficial owner.
- (4) Both Shanghai Tianyi BVI and Zhongwei Tengyun BVI are ultimately controlled by Mr. Yu Rong (俞榕). As such, Mr. Yu Rong, in effect, controls a total of 7.9412% of our Company held by Shanghai Tianyi BVI and Zhongwei Tengyun BVI in our Company in aggregate immediately after completion of the Capitalization Issue and the Global Offering. For further details, see "Substantial Shareholders" in this prospectus.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PREVIOUS LISTING PLAN

In November 2017, Sinohealth Information entered a pre-application guidance period with the Guangdong Regulatory Bureau of the China Securities Regulatory Commission (中國證監會廣東監管局) for the potential listing of its shares on the Shenzhen Stock Exchange. We voluntarily suspended that plan in around December 2019 in view of (i) the uncertainty on the policy in relation to the timing of approval for initial public offerings in China imposed at that time; and (ii) the strategic benefits originating from the international financial market of Hong Kong that promotes our recognition worldwide and attracts more international investors. Sinohealth Information has not submitted any formal listing application to the Shenzhen Stock Exchange previously.

Our Directors confirm that, to the best of their knowledge, no questions relating to suitability for listing of the business and assets of our Group or material comments in respect of our Group's previous listing plan were raised by the Shenzhen Stock Exchange and/or the CSRC during the pre-application guidance period. In addition, as confirmed by our Directors, there were no disagreements with regards to our Group's previous listing plan between Sinohealth Information and the then professional parties involved in our Group's previous listing plan. Based on the aforesaid confirmation from our Directors and the Sole Sponsor's due diligence work performed, including but not limited to, a review of the key correspondence submitted to the relevant regulatory authorities by the licensed guidance provision organization as previously engaged by our Group and a due diligence interview with such organization in relation to our Group's previous listing plan, the Sole Sponsor is (i) not aware of any matter in relation to our Group's previous listing plan that would affect the suitability of our Company to list on the Stock Exchange; and (ii) not aware of any material comments in respect of our Group's previous listing plan that were raised by the Shenzhen Stock Exchange and/or the CSRC during the pre-application guidance period.

We are now seeking to list our Shares on the Hong Kong Stock Exchange as our Directors consider that the Hong Kong Stock Exchange is an internationally recognized and reputable stock exchange and will therefore provide a good platform for us to obtain recognition of and raise capital from international investors.

PRC LEGAL COMPLIANCE

SAFE Registration

According to the Circular 37 issued by SAFE on 4 July 2014 and the Circular 13 issued by SAFE on 13 February 2015, PRC residents are required to register with banks with regards to their direct establishment or indirect control of an offshore entity established for the purpose of overseas investment and financing and hold such PRC residents' legally owned assets or equity investments in domestic enterprises or offshore assets or interests (referred to as a "special purpose vehicle" in Circular 37).

In the case of any significant changes with respect to the special purpose vehicle, amendment to the registration is required under Circular 37. All of our applicable shareholders, namely, Mr. Wu, Ms. Wang, Ms. Wu Meirong, Mr. Li Hanxiong, Mr. Xu Haixun, Ms. Zeng Danye, Mr. Chen Jingxin, Mr. Gao Min, Mr. Li Junguo, Ms. Liu Huichao, Mr. Su Caihua and Mr. Zhuang Weijin have completed their respective registration as requested by Circular 37 and Circular 13.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

M&A Rules

The M&A Rules, a regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors, which were jointly promulgated by six PRC regulatory agencies, came into effect on 8 August 2006 and was amended on 22 June 2009. Under the M&A Rules, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic company thereby converting it into a foreign invested enterprise, or subscribes for new equity via an increase in registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign invested enterprise. The M&A Rules also provide that an offshore special purpose vehicle formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals shall obtain the approval of the CSRC prior to the listing and trading securities of such offshore special purpose vehicle on an overseas stock exchange. For further details, see the section headed “Regulatory overview—Regulations on M&A Rules and Overseas Listing” in this prospectus.

Given that (i) WFOE was established as a wholly foreign-owned enterprise by means of direct investment rather than by merger or acquisition by our Company under the M&A Rules, and (ii) no definitive provision in the M&A Rules clarified that contractual arrangements should be regarded as a type of merger or acquisition of domestic enterprises by foreign investors subject to M&A Rules, as advised by our PRC Legal Advisers, unless new laws and regulations are enacted or MOFCOM and the CSRC and other competent authorities publish new provisions or interpretations on the M&A Rules in the future, which clearly classified that contractual arrangements as a type of merger or acquisition of domestic enterprises by foreign investors subject to M&A Rules, the establishment of WFOE and the Reorganization are not subject to the M&A Rules, and the Listing of our Company does not require approvals from the CSRC and MOFCOM under the M&A Rules.

CONTRACTUAL ARRANGEMENTS

BACKGROUND

Our Consolidated Affiliated Entities, being Sinohealth Information and its subsidiaries after Reorganization, were all established under PRC laws. As described below, investment in certain areas of the industries in which we currently operate and may operate are subject to restrictions under current PRC laws and regulations. To be in line with common practice in the PRC for industries subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits which we are entitled to by virtue of the equity interests we hold, as generated by the businesses currently and to be operated by our Consolidated Affiliated Entities through the Contractual Arrangements between WFOE, on the one hand, and Sinohealth Information and its subsidiaries, the VIE Shareholders and/or the Other VIE Shareholders, as applicable, on the other hand.

In order to comply with the relevant 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. The Contractual Arrangements were entered into on 8 June 2021 and 6 May 2022, whereby WFOE acquired effective control over the financial and operational policies of our Consolidated Affiliated Entities and have become entitled to all the economic benefits derived from their operations, which we are entitled to by virtue of the equity interests we hold. As a result, we do not directly own any equity interest in our Consolidated Affiliated Entities.

Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into between WFOE, on the one hand, and Sinohealth Information and its subsidiaries, the VIE Shareholders and/or the Other VIE Shareholders, as applicable, on the other hand; (ii) by entering into Business Cooperation Agreements with WFOE, being an indirect wholly-owned subsidiary of our Company, our Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after Listing; and (iii) a number of other companies in the same or similar industries to those in which we operate use similar arrangements to accomplish the same purpose. The Contractual Arrangements, through which we are able to exercise control over and derive the economic benefits from our Consolidated Affiliated Entities, which we are entitled to by virtue of the equity interests we hold, have been narrowly tailored to achieve our business purpose and minimize the potential for conflict with relevant PRC laws and regulations.

For the years ended 31 December 2019, 2020 and 2021, the revenue contribution of the Consolidated Affiliated Entities accounted for approximately 99.4%, 99.7% and 32.2% of our Group's total revenue, respectively, and the Consolidated Affiliated Entities contributed approximately 99.7%, 96.9% and 31.0% to our Group's net profit for the corresponding year, respectively.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN OWNERSHIP RESTRICTIONS

There are restrictions or prohibitions in the PRC with respect to foreign investment in certain business and industry (the "**FI Restrictions**") under the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021 Version) (the "**Negative List**") and

CONTRACTUAL ARRANGEMENTS

the Catalog of Industries for Encouraging Foreign Investment (2020 Version) (the “**Encouraging Catalog**”), which were promulgated and are amended from time to time jointly by MOFCOM and the NDRC. The Negative List and the Encouraging Catalog divide industries into four categories in terms of foreign investment, namely, “encouraged”, “restricted”, “prohibited” and “permitted” (the last category of which includes all industries not listed under the “encouraged”, “restricted” and “prohibited” categories).

Our Consolidated Affiliated Entities engage in the production and publication of videos and intend to engage in the (i) provision of internet information services; and (ii) provision of internet data center services (互聯網數據中心服務) (including internet resources cooperation services) (together, the “**Restricted Businesses**”) during the course of their businesses, which are subject to FI Restrictions. Our businesses other than the Restricted Businesses, including the provision of healthcare insight solutions under the business segments of Data Insight Solutions and Data-driven Publications and Events and our solutions under the business segment of SaaS, which do not include the provision of internet information services that would require the ICP License or other businesses restricted to or prohibited from foreign investment under the Negative List, and thus are not subject to any restrictions under the FI Restrictions (the “**Non-restricted Businesses**”). A summary of the Restricted Businesses is set out below:

Categories	Our business/operation
Prohibited <i>(production and publication of videos)</i>	We produce and publish videos under the business segment of Data-driven Publications and Events to our clients which is subject to the Radio and Television Program Production and Operation Permit (廣播電視節目製作經營許可證) (the “ RTPPO Permit ”). Sinohealth Information currently holds the RTPPO Permit issued by Radio and Television Administration of Guangdong Province (廣東省廣播電視局) (“ Guangdong RTA ”).

According to the Negative List and other applicable PRC laws, foreign investors are prohibited from holding equity interests in any enterprise holding the RTPPO Permit. Such prohibition was confirmed during an interview with an officer of Guangdong RTA by our PRC Legal Advisers and the PRC legal advisers to the Sole Sponsor in May 2021 (the “**Guangdong RTA Interview**”). Our PRC Legal Advisers are of the view that (i) the department of the Guangdong RTA they interviewed with is responsible for the drafting, implementation and supervision of rules and policies in relation to production and operation of the radio and television program, thus is the competent authority, and the relevant officer, being the officer with senior-level position of the aforesaid department of Guangdong RTA who is in charge of the supervision and management of market operation of radio and television and has the appropriate authority, therefore is the competent officer to provide such confirmation; and (ii) to maintain the business operation of Sinohealth Information in compliance with applicable PRC laws and local governmental authorities’ requirement, Sinohealth Information must continue to hold the RTPPO Permit.

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Categories	Our business/operation
Restricted <i>(businesses subject to the ICP License and IDC License) . .</i>	<p>We intend to provide (i) internet information services and (ii) internet data center services (including internet resources cooperation services) through online platforms owned and developed by our Group, which will be subject to the ICP License and IDC License, respectively. We have established several websites and intend to develop applications and other online platforms to provide our services under our Smart Retail Cloud of SaaS to third parties in the future, such as online exhibition, online information searching, online advertisement and other commercial internet information services. The internet information services fall within a sub-category of value-added telecommunication services under the Negative List and are therefore subject to foreign ownership restrictions and an ICP License is required, which will be carried out by Sinohealth Information, Guangzhou Jiasi and Sinohealth Junyi, each of which holds an ICP License. Guangzhou Xinkang, Hainan Sinohealth, Guangzhou Xinshun, Jiangxi Xinshun, Sinohealth Jianshu and Guangzhou Zhuomuniao are intended to provide the aforementioned internet information services, including online exhibition, online information searching and other commercial internet information services through our future applications and other online platforms targeting at medical institutions, pharmaceutical companies, chained pharmacies, third party testing service providers and biotech companies. An ICP License is required for the provision of all such services by the aforesaid companies, and none of Guangzhou Xinkang, Hainan Sinohealth, Guangzhou Xinshun, Jiangxi Xinshun, Sinohealth Jianshu and Guangzhou Zhuomuniao currently holds an ICP License.</p> <p>As part of our Group’s plan to carry out the abovementioned intended businesses, the abovementioned companies have to obtain the requisite ICP and/or IDC Licenses. Each of Sinohealth Information and Guangzhou Jiasi currently holds an ICP License issued by Communications Administration of Guangdong Province (廣東省通信管理局) (“Guangdong Communications Administration”). Sinohealth Junyi currently holds an ICP License issued by Beijing Communications Administration (北京市通信管理局) (“Beijing Communications Administration”). Sinohealth Information has obtained the IDC License issued by the Guangdong Communications Administration in November 2021. Each of Guangzhou Xinkang, Hainan Sinohealth, Guangzhou Xinshun, Jiangxi Xinshun, Sinohealth Jianshu and Guangzhou Zhuomuniao is expected to be able to obtain an ICP License no later than the end of 2023. The aforesaid companies will commence staff recruitment, mainly research and development, sales and marketing personnel and technology engineers, for building basic infrastructure, front-end and back-end development of our future online platforms and applications as well as promotion of those intended businesses, starting in the third quarter of 2022 the earliest.</p>

CONTRACTUAL ARRANGEMENTS

Categories

Our business/operation

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 “**2016 FITE Regulations**”), foreign investors are not allowed to hold more than 50% of the equity interests of a company providing value-added telecommunications services, including internet information services (requiring an ICP License) and internet data center services (including internet resources cooperation services) (requiring IDC License). In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the “**Qualification Requirements**”). Based on the interview with an officer of the information and communication development department (信息通信發展司) of the MIIT in June 2021 (“**Communications Administration Interview**”) by our PRC Legal Advisers and the PRC legal advisers to the Sole Sponsor, (i) foreign investors are prohibited from holding more than 50% of the equity interests in a company providing value-added telecommunications services, including ICP services and IDC services, (ii) a major foreign investor who invests in a value-added telecommunications business in the PRC must meet the Qualification Requirements; (iii) the applications for ICP License and IDC License by any foreign investor and the fulfillment of the Qualification Requirements are subject to substantive review by the MIIT on a case-by-case basis, and the MIIT has not approved any such applications which involves the Group, holding both ICP and IDC Licenses; and (iv) given that according to China’s specific commitment under the Protocol on the WTO Accession of PRC (中華人民共和國加入WTO議定書), the internet data center and internet resource collaboration services, being the subsectors of value-added telecommunication services, do not belong to the sectors that China has undertaken to open to foreign investment, and in consideration of the ICP Licenses our Group has already obtained, according to the current regulatory review policy, our Group, as a foreign investor, would not be allowed to hold the IDC License and ICP License at the same time even if our Group meets the Qualification Requirements through any Sino-foreign equity joint venture entity (of which the Group holds 50% or less equity interest, 50% being the maximum equity interest permissible to be held under the Negative List). As such, our Company could only control the Consolidated Affiliated Entities through the Contractual Arrangements. For further details, see “—Qualification Requirements under 2016 FITE Regulations” in this section. Our PRC Legal Advisers are of the view that the department of the MIIT they interviewed with is responsible for approving applications from foreign investors for the permits in connection with operation of internet information services and internet data centers services, thus is the competent authority, and the relevant officer, being the officer with senior-level position of the aforesaid department of MIIT who is in charge of research and implementation of policies in relation to foreign-invested value-added communication service and the management of other matters the department is responsible for and has the appropriate authority, therefore is the competent officer to provide such confirmation.

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For further details of the FI Restrictions, see “Regulatory Overview” in this prospectus.

Save for Sinohealth Information, none of our Consolidated Affiliated Entities is expected to have any substantive business operations in relation to the Restricted Businesses by the time of the Listing. We will not conduct any businesses that are not subject to foreign investment restrictions or prohibitions through these entities or, to the extent that they do, we will transfer such entities outside of the Contractual Arrangements structure prior to engaging in any non-restricted businesses.

As a result of the foregoing, on 8 June 2021 and 6 May 2022, we, through WFOE, entered into a series of Contractual Arrangements with Sinohealth Information and its subsidiaries, the VIE Shareholders and/or the Other VIE Shareholders, as applicable, to conduct the Restricted Businesses in the PRC in order to comply with the applicable PRC laws and regulations and to assert management control over the operations of, and enjoy all economic benefits of the Consolidated Affiliated Entities, which we are entitled to by virtue of the equity interests we hold. The Contractual Arrangements include the following agreements: (i) Business Cooperation Agreements, (ii) Exclusive Option Agreements, (iii) Equity Pledge Agreements, and (iv) Voting Rights Proxy Agreements.

To ensure the Contractual Arrangements are narrowly tailored under the requirement of the Stock Exchange, we have taken the following measures: (i) transferred the Non-restricted Businesses to WFOE and its subsidiaries; and (ii) progressively built up track record of our overseas value-added telecommunications services business to meet the Qualification Requirements under the 2016 FITE Regulations.

After taking the foregoing measures, we are of the view that the Contractual Arrangements are narrowly tailored, as they are used to enable our Group to conduct business in industries that are subject to foreign investment restrictions or prohibitions in the PRC. Nevertheless, we will terminate the Contractual Arrangements to the extent permissible and directly hold the maximum percentage of ownership interests permissible by the relevant laws if the relevant governmental authority grants the ICP License and IDC License or RTPPO Permit to the Sino-foreign equity joint venture or the wholly foreign-owned enterprise established by us.

Transfer of the Non-restricted Businesses to WFOE and its Subsidiaries

To ensure the Contractual Arrangements are narrowly tailored, we have been negotiating with our clients regarding the transfer of the Non-restricted Businesses from the Consolidated Affiliated Entities to WFOE and its subsidiaries since the inception of the Reorganization. The entities which carried out the Non-restricted Businesses include Sinohealth Information, Guangzhou Xinkang, Guangzhou Xinshun, Sinohealth Jianshu, Sinohealth Tong, Sinohealth Pushi and Sinohealth Junyi. As at the Latest Practicable Date, a majority of our clients have agreed to transfer the Non-restricted Businesses to WFOE or its subsidiaries. As at 31 December 2021, the total outstanding contract amount of the Non-restricted Businesses

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remaining with the Consolidated Affiliated Entities amounted to approximately RMB7.1 million, which involved 36 contracts for 28 clients, details of which are set out below:

Non-restricted Businesses remaining with the Consolidated Affiliated Entities	Number of clients involved	Number of contracts involved	Outstanding contract amount as at 31 December 2021 (RMB million)	Revenue in respect of the outstanding contract to be recognized for the year ending 31 December 2022 ^(Note) (RMB million)
Negotiating to be transferred to WFOE and its subsidiaries	12	16	5.0	5.0
To remain with the Consolidated Affiliated Entities with the relevant clients	16	20	2.1	2.1
Total	28	36	7.1	7.1

Note: While we would continue to transfer the Non-restricted Businesses to WFOE and its subsidiaries, assuming we are not able to transfer any of the Non-restricted Business to WFOE and its subsidiaries for the year ending 31 December 2022, the amount of the Non-restricted Businesses remaining with the Consolidated Affiliated Entities after 31 December 2021 is estimated to be approximately RMB7.1 million and all of these outstanding contracts will be completed by the end of 2022. Subject to the consent of the relevant clients, we currently expect that outstanding contracts amount of the Non-restricted Businesses of RMB5.0 million could be transferred to WFOE and its subsidiaries for the year ending 31 December 2022, while the balance of RMB2.1 million will remain with the Consolidated Affiliated Entities (the “**Remaining Non-restricted Businesses**”).

The Remaining Non-restricted Businesses are principally contracts with a term of or less than one-year with contract amount ranging from approximately RMB13,000 to RMB0.5 million per contract.

As confirmed by our Directors, most of the clients involved in the Remaining Non-restricted Businesses are unwilling to renew the existing contracts to WFOE taking into account the relatively short remaining contract terms and the cumbersome internal procedures to go through. Nevertheless, all the relevant clients have agreed to renew their contracts with WFOE if they continue to procure our services upon completion of the existing contracts. Our Directors therefore do not foresee any difficulty in entering into the new contracts for the Remaining Non-restricted Businesses with the relevant clients in the name of WFOE. Our Directors also confirmed that (i) no new contract in relation to the Non-restricted Business have been and will be signed by our Consolidated Affiliated Entities with the clients involved in the Non-restricted Business after 31 December 2021; (ii) the Audit Committee will review the Remaining Non-Restricted Businesses to ensure that the annual revenue from which will account for less than 5% of our Group’s revenue for the relevant financial year after the Listing, and our Company will disclose such compliance in its annual reports; and (iii) any new contracts for the Non-restricted Businesses will be entered into by WFOE with our Group’s clients.

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As a mitigating measure to narrowly tailor the Contractual Arrangements and to substantially transfer the Remaining Non-restricted Businesses to WFOE, to the extent permitted by the relevant PRC laws and not restricted under the relevant contracts, Sinohealth Information will subcontract the Remaining Non-restricted Businesses to WFOE (the “**Mitigation Measure**”). Under the Mitigation Measure, Sinohealth Information will transfer the entire fee received from the relevant clients to WFOE given the Remaining Non-restricted Businesses are substantially conducted by WFOE.

Qualification Requirements under 2016 FITE Regulations

On 11 December 2001, the State Council promulgated the 2016 FITE Regulations, which were amended on 10 September 2008 and 6 February 2016. According to the 2016 FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests of a company providing value-added telecommunications services, including internet information services (requiring an ICP License) and internet data center services (requiring an IDC License). In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (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, satisfactory proof of the Qualification Requirements, but it does not set out further details 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 Group currently has three entities that possess ICP licenses, namely Sinohealth Information, Guangzhou Jiasi and Sinohealth Junyi. Sinohealth Information obtained an IDC License in November 2021. Based on Communications Administration Interview, being the relevant competent authority as advised by our PRC Legal Advisers, (i) foreign investors are prohibited from holding more than 50% of the equity interests in a company providing value-added telecommunications services, including internet information services (requiring an ICP License) and internet data center services (requiring an IDC License); (ii) a major foreign investor who invests in a value-added telecommunications business in the PRC must meet the Qualification Requirements; (iii) the application for an ICP License by any foreign investor and the fulfillment of the Qualification Requirements are subject to substantive review by the MIIT on a case-by-case basis, and the MIIT has not approved any such application which involves the Group, holding both ICP and IDC Licenses; and (iv) given that according to China’s specific commitment under the Protocol on the WTO Accession of PRC (中華人民共和國加入WTO議定書), the internet data center and internet resource collaboration services, being the subsectors of value-added telecommunication services, do not belong to the sectors that China has undertaken to open to foreign investment, and in consideration of the ICP Licenses our Group has already obtained, according to the current regulatory review practice, our Group would not be allowed to hold the IDC License and ICP License at the same time even if our Group meets the Qualification Requirements through any Sino-foreign equity joint venture entity (of which the Group holds 50% or less equity interest, 50% being the maximum equity interest permissible to be held under the Negative List). As such, our Company could only control the Consolidated Affiliated Entities through the Contractual Arrangements.

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We have taken the following measures to meet the Qualification Requirements:

- (a) we have applied for, and are in the process of registering trademarks outside the PRC for the expansion of business operations overseas as and when appropriate;
- (b) we have incorporated a subsidiary in Hong Kong, namely Sinohealth HK, which can be readily serviced as an overseas platform when it expands its business outside the PRC;
- (c) we are in the process of constructing our overseas website, primarily for introducing our relevant businesses to overseas users; and
- (d) we have considered expansion plans for overseas market and have further conducted overseas market and overseas investment feasibility research.

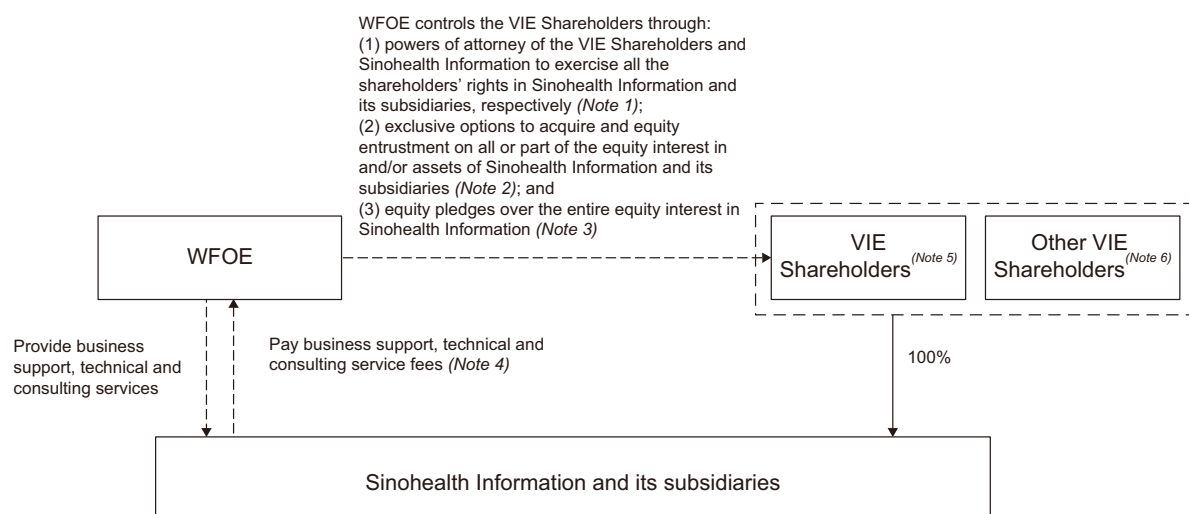
According to the Communications Administration Interview, the MIIT officer confirmed that we may establish overseas companies and overseas websites to gradually building up our track record of overseas telecommunications business operations and accumulate the experience in providing value-added telecommunications services in overseas markets. Hence, subject to the discretion of the competent authority on whether our Group has fulfilled the Qualification Requirements, our PRC Legal Advisers are of the view that the above steps are reasonable and appropriate in relation to the Qualification Requirements as we will be able to gain experience in providing value-added telecommunication services in overseas markets.

On 29 March 2022, the State Council promulgated the Decision of the State Council to Amend and Repeal Certain Administrative Regulations (國務院關於修改和廢止部分行政法規的決定) (the “**2022 Decision**”) which became effective on 1 May 2022, to revise the 2016 FITE Regulations and other regulations. The 2022 Decision removed the Qualification Requirements. However, the 2022 Decision has been promulgated quite recently, and the corresponding detailed rules and operating instructions has not been announced yet. We will actively maintain communication with relevant competent authorities to ensure continuous regulatory compliance with revised 2016 FITE Regulations according to the 2022 Decisions.

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The following simplified diagram illustrates the flow of all economic benefits which we are entitled to by virtue of the equity interests we hold from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements:



Notes:

- (1) Please see “—Voting Rights Proxy Agreements” in this section for details.
- (2) Please see “—Exclusive Option Agreements” in this section for details.
- (3) Please see “—Equity Pledge Agreements” in this section for details.
- (4) Please see “—Business Cooperation Agreements” in this section for details.
- (5) As at the Latest Practicable Date, the VIE Shareholders were Mr. Wu and Ms. Wang, who held 89.95% and 10.05% of Sinohealth Information, respectively.
- (6) The Other VIE Shareholders have also entered into the Contractual Arrangements to facilitate the performance of the obligations of the subsidiaries of Sinohealth Information under certain agreements underlying the Contractual Arrangements. For details, see “—Voting Rights Proxy Agreements” and “—Exclusive Option Agreements” in this section.

Business Cooperation Agreements

Pursuant to the business cooperation agreements dated 8 June 2021 and 6 May 2022 entered into by WFOE, Sinohealth Information and its subsidiaries, and the VIE Shareholders (the “**Business Cooperation Agreements**”), Sinohealth Information and its subsidiaries agreed to engage WFOE as its exclusive provider of technical support, consultation, intellectual property licensing and other services, including (1) asset and business management consultation; (2) human resources consultation; (3) marketing consultation and development; (4) business advertising support; (5) technical services and network support; (6) solutions relating to value-added telecommunication and radio and television program production businesses; (7) service quality control support; (8) system integration; (9) material contracts consultation; (10) mergers and acquisitions consultation; and (11) other relevant services requested by Sinohealth Information and its subsidiaries from time to time to the extent permitted under PRC laws.

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Pursuant to the Business Cooperation Agreements, WFOE has the ownership of any and all intellectual property rights developed or created by Sinohealth Information and its subsidiaries during the performance of the Business Cooperation Agreements. In addition, pursuant to the Business Cooperation Agreements, without the prior written approval from WFOE, Sinohealth Information and its subsidiaries shall not enter into any transactions (save as those transactions entered into in the ordinary course of business within the amount of RMB100,000), including but not limited to:

- (1) the disposal, transfer, lending or authorization of the use of any assets or rights of Sinohealth Information and its subsidiaries (including but not limited to intellectual properties);
- (2) the entering into of any contracts or arrangements which may conflict with the Contractual Arrangements or adversely affect the interests of WFOE under the Contractual Arrangements;
- (3) the entering into of any material contracts; and
- (4) the acquisition of any assets or rights from any third parties.

Pursuant to the Business Cooperation Agreements, the technical support and consultation service fee and the intellectual property licensing fee payable by Sinohealth Information and its subsidiaries to WFOE shall be equivalent to the total combined profit of Sinohealth Information and the portion of combined profits of its subsidiaries that Sinohealth Information is entitled to in aggregate for the year (excluding the portion as entitled by the Other VIE Shareholders as they hold the relevant interests in certain subsidiaries of Sinohealth Information), after offsetting the prior-year loss (if any), operating costs, expenses, taxes and other statutory contributions. Notwithstanding the foregoing, WFOE shall have the right to adjust the level of the service fee and the intellectual properties licensing fee based on the actual service scope and with reference to the operating conditions of Sinohealth Information and its subsidiaries. Sinohealth Information and its subsidiaries shall provide their financial reports within 30 business days after the end of each fiscal year and WFOE shall provide invoices for the service fee and intellectual properties licensing fee within 15 business days upon receipt of the financial reports from Sinohealth Information and its subsidiaries, which will then make payment within seven business days upon receipt of such invoice.

The Business Cooperation Agreements have a term of three years commencing from the respective dates of the agreements and shall be automatically renewed for another three years upon the expiration of each term, unless being terminated in accordance with the terms therein. According to the Business Cooperation Agreements, unless otherwise required by applicable PRC laws and regulations, none of the parties to the agreement (except WFOE) is entitled to unilaterally terminate it. WFOE has the right to terminate the Business Cooperation Agreements with one month's prior written notice in the event that (i) Sinohealth Information and/or its subsidiaries, as applicable, breaches any terms under the Business Cooperation Agreements and fails to rectify within 20 business days upon receipt of written notice from WFOE; or (ii) Sinohealth Information and/or its subsidiaries, as applicable, ceases to operate any business, become insolvent, bankrupt or to be subject of liquidation or dissolution procedures, be unable to repay debts due or to be dissolved.

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Exclusive Option Agreements

WFOE, Sinohealth Information and its subsidiaries, the VIE Shareholders and the Other VIE Shareholders entered into the exclusive option agreements (the “**Exclusive Option Agreements**”) on 8 June 2021 and 6 May 2022, pursuant to which each of the VIE Shareholders and Sinohealth Information agreed to grant WFOE or its designated third party an exclusive option to transfer their respective equity interests and/or assets in Sinohealth Information and its subsidiaries, respectively, to WFOE and/or a third party designated by it, in whole or in part at any time and from time to time, at the consideration of RMB1 or a minimum purchase price permitted under PRC laws and regulations. The VIE Shareholders and Sinohealth Information have also undertaken that, subject to the relevant PRC laws and regulations, they will compensate to WFOE any difference in consideration in such way required by WFOE they receive in the event that WFOE exercises the options under the Exclusive Option Agreements to acquire the equity interests and/or assets in Sinohealth Information and/or its subsidiaries, as applicable, that exceeds RMB1.

Pursuant to the Exclusive Option Agreements, (i) the Other VIE Shareholders have undertaken to fully cooperate with Sinohealth Information and its subsidiaries, and WFOE to carry out all procedures as necessary to perform the Exclusive Option Agreement entered into by them, including but not limited to, executing relevant resolutions and other ancillary documents; and (ii) the VIE Shareholders, Sinohealth Information and its subsidiaries have undertaken to perform certain acts or refrain from performing certain other acts unless they have obtained prior approval from WFOE, including but not limited to the following matters:

- (1) sell, transfer, create encumbrances or otherwise dispose of any assets and/or equity interests of Sinohealth Information and/or its subsidiaries;
- (2) alter the business scope of Sinohealth Information and/or its subsidiaries;
- (3) increase or decrease its registered share capital, where applicable, or engage in any merger, acquisition or investment in any entities;
- (4) sell, transfer, create encumbrances or otherwise dispose of any rights related to the material assets, business, operation and revenue of Sinohealth Information and/or its subsidiaries;
- (5) cease any material contracts or enter into any agreements that may conflict with the current material contracts undertaken by Sinohealth Information and/or its subsidiaries;
- (6) enters into any transaction that may materially affect the assets, liabilities, business operation, shareholding structure and any other rights of Sinohealth Information and/or its subsidiaries (excluding those transactions taken place in the ordinary course of business or have been disclosed and obtained the written approval from WFOE);
- (7) terminate, wind-up or dissolve Sinohealth Information and/or its subsidiaries;
- (8) amend the articles of association and/or partnership agreements of Sinohealth Information and/or its subsidiaries;

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- (9) incur, take up, guarantee or allow any indebtedness of Sinohealth Information and/or its subsidiaries other than those in the ordinary course of business;
- (10) distribute any dividend to the shareholders of Sinohealth Information and/or its subsidiaries, where applicable; and
- (11) appoint or remove any directors, supervisors or other senior officers of Sinohealth Information and/or its subsidiaries.

The Exclusive Option Agreements have an indefinite term commencing on the respective dates of the agreements, until it is terminated:

- (1) by WFOE unilaterally by giving Sinohealth Information and its subsidiaries, and/or the VIE Shareholders one-month prior written notice of termination, as applicable; or
- (2) upon the exercise of the option by WFOE to acquire the respective equity interests of Sinohealth Information and/or its subsidiaries held by the VIE Shareholders and Sinohealth Information and/or the assets of Sinohealth Information and its subsidiaries to WFOE, and the completion of the relevant registration; or
- (3) when the continued performance of the obligations of the agreement will result in violation of or non-compliance with the applicable laws and regulations.

None of Sinohealth Information and its subsidiaries, the VIE Shareholders and the Other VIE Shareholders are contractually entitled to terminate the Exclusive Option Agreements with WFOE.

Equity Pledge Agreements

WFOE, Sinohealth Information and the VIE Shareholders entered into the equity pledge agreement and its supplemental agreement (collectively, the “**Equity Pledge Agreements**”) on 8 June 2021 and 6 May 2022, respectively, pursuant to which each of the VIE Shareholders agreed to pledge all of their respective equity interests in Sinohealth Information to WFOE as a first priority security interest to guarantee the performance of the contractual obligations and the payment of outstanding debts under the Contractual Arrangements. Meanwhile, the Other VIE Shareholders and Sinohealth Information retain their respective equity interests in those subsidiaries instead of pledging them to WFOE.

If Sinohealth Information declares any dividend during the term of the pledge, WFOE is entitled to receive all such dividends, bonus issue or other income arising from the pledged equity interests, if any. If any of the VIE Shareholders or Sinohealth Information (including its subsidiaries) breaches or fails to fulfill the obligations under any of the aforementioned agreements, WFOE, as the pledgee, upon issuing a written notice to the pledgors, will be entitled to all remedies available under PRC laws and the Contractual Arrangements, including but not limited to disposing of the pledged equity interests, entirely or partially.

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In addition, pursuant to the Equity Pledge Agreements, each of the VIE Shareholders has undertaken to WFOE, among other things, not to transfer their equity interests in Sinohealth Information (including its subsidiaries) and not to create or allow any pledge thereon without its prior written consent. The pledges in respect of Sinohealth Information take effect upon the completion of registration with the relevant PRC authority and shall remain valid until after all the contractual obligations of the VIE Shareholders and Sinohealth Information (including its subsidiaries) under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the VIE Shareholders and Sinohealth Information (including its subsidiaries) under the relevant Contractual Arrangements have been fully repaid.

The Equity Pledge Agreements have an indefinite term commencing on the respective dates of the agreements and shall remain valid until (1) each of the VIE Shareholders has transferred all of his or her equity interests and/or assets in Sinohealth Information in accordance with the Exclusive Option Agreements and completed the relevant registration; (2) the Equity Pledge Agreements have been unilaterally terminated by WFOE by giving Sinohealth Information and the VIE Shareholders one-month prior written notice.

The registration of the equity interest pledge under the Equity Pledge Agreements as required by the relevant laws and regulations was completed in accordance with the terms of the Equity Pledge Agreements and PRC laws and regulations on 9 June 2021.

Voting Rights Proxy Agreements

Sinohealth Information and its subsidiaries, the VIE Shareholders, the Other VIE Shareholders and WFOE entered into the voting rights proxy agreements (the “**Voting Rights Proxy Agreements**”) on 8 June 2021 and 6 May 2022, pursuant to which each of the VIE Shareholders and Sinohealth Information irrevocably appoint WFOE or its designated directors and their successors (including a liquidator replacing our Directors) but excluding those non-independent Directors or the appointment of whom may give rise to conflict of interests, as his attorney-in-fact to exercise such shareholder’s rights in Sinohealth Information and its subsidiaries, including without limitation to, the rights to:

- (1) convene and participate in shareholders’ and/or partners’ meeting in the capacity of a proxy of the VIE Shareholders and Sinohealth Information, and adopt and execute all written resolutions, on matters to be discussed and resolved at shareholders’ and/or partners’ meetings;
- (2) exercise the shareholders’ and/or partners’ rights pursuant to the relevant PRC laws and regulations and the articles of association and/or partnership agreements of Sinohealth Information and/or its subsidiaries on behalf of the VIE Shareholders and Sinohealth Information, including without limitation to, the voting rights, the sale, transfer or pledge of all or part of their respective equity interests in Sinohealth Information and/or its subsidiaries;
- (3) designate or appoint the legal representatives, directors, chief executive officers, supervisors, general managers, executive partners and other senior officers of Sinohealth Information and/or its subsidiaries pursuant to the relevant PRC laws and regulations and the articles of association and/or partnership agreements in the capacity of a proxy of each VIE Shareholder and Sinohealth Information;

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- (4) submit or file any required document to any company registry or other authorities for their purpose of approval, registration, filing, licensing and any other legal proceedings;
- (5) supervise the business performance, approve the annual budget, declare dividends and review the financial information of Sinohealth Information and its subsidiaries;
- (6) exercise voting rights with regards to the dissolution matters of Sinohealth Information and its subsidiaries;
- (7) raise lawsuits or other legal proceedings against the directors, executive partners and senior officers of Sinohealth Information and/or its subsidiaries when their behaviors harm the interest of Sinohealth Information and/or its subsidiaries, and their respective shareholders;
- (8) approve the amendments to the articles of association and/or partnership agreements of Sinohealth Information and/or its subsidiaries;
- (9) approve the capital increase, capital reduce, merger and separation of Sinohealth Information and/or its subsidiaries as applicable; and
- (10) any other rights entitled to the respective shareholders and/or partners of Sinohealth Information and/or its subsidiaries pursuant to their respective articles of association and/or partnership agreements or PRC laws and regulations.

Sinohealth Information and its subsidiaries, and the VIE Shareholders undertake that they shall not take or omit to take any action which may lead to a conflict of interest with WFOE or its subsidiaries. If there is any conflict of interest, WFOE 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. Sinohealth Information and its subsidiaries, and the VIE Shareholders will unconditionally follow the instructions of WFOE to take any action to eliminate such conflict of interest. In addition, while the Other VIE Shareholders retain their respective shareholders' rights in the relevant subsidiaries of Sinohealth Information to be exercised on their own, the Other VIE Shareholders have undertaken to fully cooperate with Sinohealth Information and WFOE to carry out all procedures as necessary to perform the Voting Rights Proxy Agreement entered into by them, including but not limited to, executing relevant resolutions and other ancillary documents.

The Voting Rights Proxy Agreements have an indefinite term commencing on the respective dates of the agreements and will be terminated in the event that:

- (1) the Voting Rights Proxy Agreements are unilaterally terminated by WFOE by giving Sinohealth Information and its subsidiaries, the VIE Shareholders and/or the Other VIE Shareholders, as applicable, one month's prior written notice of termination; or
- (2) upon the transfer of their respective entire equity interests in and/or the assets of Sinohealth Information and/or its subsidiaries to WFOE pursuant to the Contractual Arrangements and the completion of the relevant registration; or

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- (3) the continued performance of the obligations of the agreements will result in violation of or non-compliance with the applicable laws and regulations.

Spousal undertakings

Each of Mr. Wu and Ms. Wang, being spouse of each other, has executed a written consent to the effect that:

- (1) he/she will sign all documents and take all actions necessary to ensure the proper enforcement of the Contractual Arrangements;
- (2) he/she will not claim any interest in the equity interest held by Mr. Wu/Ms. Wang in the Consolidated Affiliated Entities and except for the necessary procedures which should be performed pursuant to relevant rules of the shareholders' meeting and the board meeting, no consent or authorization from his/her is needed to amend or terminate the Contractual Arrangements; and
- (3) he/she undertakes to be bound by the agreements under the Contractual Arrangements (as amended, supplemented or restated from time to time) in the event that he/she for any reason obtains any equity interests of Sinohealth Information as Mr. Wu/Ms. Wang's spouse.

Dispute Resolution

In the event of any dispute with respect to the construction and performance of the provisions, each of the Contractual Arrangements stipulates that:

- (a) the parties shall negotiate in good faith to resolve the dispute;
- (b) in the event the parties fail to settle the dispute within 30 days of delivery of written negotiation request, any party may submit the relevant dispute to the Guangzhou Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Guangzhou City, Guangdong province, the PRC. The arbitration ruling shall be final and binding on all parties;
- (c) the arbitral tribunal may award remedies over the equity interest and property interest and other assets of Sinohealth Information, and/or its subsidiaries injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of the Sinohealth Information and/or its subsidiaries; and
- (d) the courts of competent jurisdictions shall have the power to grant interim remedies in support of arbitration pending information of the arbitral tribunal or in appropriate cases in accordance with PRC laws and regulations and arbitration rules in effect. The courts of Hong Kong, the Cayman Islands, BVI, the PRC and the place where the principal assets of our Company and Sinohealth Information and/or its subsidiaries are located shall be considered as having jurisdiction for the above purposes.

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In connection with the dispute resolution method as set out in the Contractual Arrangements and the practical consequences, we are advised by our PRC Legal Advisers that:

- (a) a tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of Sinohealth Information and/or its subsidiaries pursuant to current PRC laws; and
- (b) in addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and Cayman Islands may not be recognizable or enforceable in the PRC.

As a result of the above, in the event that Sinohealth Information and/or its subsidiaries, any of the VIE Shareholders and/or the Other VIE Shareholders, as applicable, breaches any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over Sinohealth Information and its subsidiaries and conduct our business could be materially and adversely affected. For further details, see “Risk Factors—Risks Relating to our Contractual Arrangements” in this prospectus.

Liquidation

Pursuant to the Exclusive Option Agreements, in the event of mandatory liquidation of Sinohealth Information and its subsidiaries required by PRC laws, the VIE Shareholders and Sinohealth Information shall transfer the remaining assets of Sinohealth Information and its subsidiaries in respect of the portion as entitled by Sinohealth Information after liquidation at the consideration of RMB1 or a minimum price permitted under PRC laws and regulations to WFOE to the extent permitted by PRC laws, respectively.

Conflict of Interest

Each of the VIE Shareholders and Sinohealth Information has given its, his or her irrevocable undertakings in the Voting Rights Proxy Agreements which address potential conflicts of interests that may arise in connection with the Contractual Arrangements. See “—Voting Rights Proxy Agreements” in this section for further details.

Loss Sharing

In the event that Sinohealth Information and/or its subsidiaries incurs any loss or encounters any operational crisis, WFOE may, but is not obligated to, provide financial support to Sinohealth Information and/or its subsidiaries.

None of the agreements constituting the Contractual Arrangements provide that our Company or its wholly owned PRC subsidiary, namely WFOE, is obligated to share the losses of Sinohealth Information and/or its subsidiaries or provide financial support to Sinohealth Information and/or its subsidiaries. Further, each of Sinohealth Information and its subsidiaries shall be solely liable for its own debts and losses with assets and properties owned by it.

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Under PRC laws and regulations, our Company or WFOE is not expressly required to share the losses of Sinohealth Information and its subsidiaries or provide financial support to Sinohealth Information and/or its subsidiaries. Despite the foregoing, given that Sinohealth Information and its subsidiaries' financial condition and results of operations are consolidated into our Group's financial statements under the applicable accounting principles, our Company's business, financial condition and results of operations would be adversely affected if Sinohealth Information and/or its subsidiaries suffers losses. However, due to the restrictive provisions contained in the Contractual Arrangements, the potential adverse effect on WFOE and our Company in the event of any loss suffered by the Consolidated Affiliated Entities can be limited to a certain extent.

Insurance

Our Company does not maintain an insurance policy to cover the risks relating to the Contractual Arrangements. Our Directors are of the view that such insurance policy is not necessary taking into account the current market practice and the absence of suitable insurance policy in the market providing adequate coverage for such circumstances. For the risks relating to the Contractual Arrangements, see "Risk Factors—Risks Relating to Our Contractual Arrangements" in this prospectus for further details.

Our Confirmation

As at the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating its business through our Consolidated Affiliated Entities under the Contractual Arrangements. Given that the Contractual Arrangements will constitute non-exempt continuing connected transactions of our Company upon the Listing, a waiver has been sought from and has been granted by the Stock Exchange, the details of which are disclosed in "Connected Transactions".

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Our PRC Legal Advisers conducted interviews with Guangdong RTA and the information and communication development department (信息通信發展司) of MIIT in May 2021 and June 2021, respectively. According to the officers, (i) the execution of the Contractual Arrangements is neither subject to the approval of Guangdong RTA nor MIIT; (ii) the execution of the Contractual Arrangements neither falls into the current supervision of Guangdong RTA nor MIIT concerning foreign investment activities. Our PRC Legal Advisers are of the view that Guangdong RTA and MIIT are the competent authorities.

Our PRC Legal Advisers, after taking reasonable actions and steps to reach its legal conclusions including consultations with competent PRC regulatory authorities, are of the view that:

- (i) each of WFOE and the Consolidated Affiliated Entities was duly established and validly existing, and each of the VIE Shareholders and the Other VIE Shareholders is a legal person with full civil and legal capacity;

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- (ii) each party to the agreements underlying the Contractual Arrangements has the qualification and power to enter into the agreements. Each of the agreements comprising the Contractual Arrangements is not in violation of provisions of the constitutional documents of WFOE and the Consolidated Affiliated Entities;
- (iii) all internal approval and authorisation with respect to execution and performance of each of the agreements underlying the Contractual Arrangements have been obtained from PRC WFOE and the Consolidated Affiliated Entities and their respective shareholders;
- (iv) each of the agreements underlying the Contractual Arrangements is not in violation of mandatory PRC laws and regulations currently in force, and are legally binding and enforceable on the parties of each of the agreements upon the execution of these agreements, except for the dispute resolution provisions of the Contractual Arrangements regarding the remedies that may be awarded by the arbitration tribunal and the power of offshore courts, including the courts in Hong Kong and Cayman Islands, to grant interim remedies in support of the arbitration may not be recognized or enforced by PRC courts;
- (v) each of the agreements underlying the Contractual Arrangements does not fall within any of the circumstances as stipulated in the PRC Civil Code which will lead the arrangement as invalid act in the PRC Civil Code; and
- (vi) the registration of equity interest pledge under the Equity Pledge Agreements had been completed and legally taken effect.

Based on the above analysis and advices from our PRC Legal Advisers, our 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 arbitration clauses as described in “—Contractual Arrangements—Dispute Resolution,” each of the agreements under the Contractual Arrangements is enforceable under PRC laws and regulations. Our PRC Legal Advisers are of the view that the Contractual Arrangements are unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations.

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

Consolidation of Financial Results of our Consolidated Affiliated Entities

Under the Business Cooperation Agreements, it was agreed that, in consideration of the services provided by WFOE, Sinohealth Information and its subsidiaries will pay services fees to WFOE. The services fees, subject to WFOE's adjustment, are equal to the entirety of the total consolidated profit of Sinohealth Information and the portion of combined profits of its subsidiaries that Sinohealth Information is entitled to in aggregate (excluding the portion as entitled by the Other VIE Shareholders as they hold the relevant interests in certain subsidiaries of Sinohealth Information) (net of accumulated deficit of the Consolidated Affiliated Entities in the previous financial years (if any), costs, expenses, taxes and payments required by the relevant laws and regulations to be reserved or withheld). WFOE may adjust the services scopes

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and fees at its discretion in accordance with PRC tax law and practice as well as the needs of the working capital of our Consolidated Affiliated Entities. WFOE also has the right to periodically receive or inspect the accounts of our Consolidated Affiliated Entities. Accordingly, WFOE has the ability, at its sole discretion, to extract all of the economic benefit of Sinohealth Information and its subsidiaries, which we are entitled to by virtue of the equity interests we hold through the Business Cooperation Agreements.

Under the Business Cooperation Agreements and the Exclusive Option Agreements, WFOE has absolute contractual control over the distribution of dividends or any other amounts to the equity holders of our Consolidated Affiliated Entities as WFOE's prior written consent is required before any distribution can be made. In the event that the VIE Shareholders and Sinohealth Information receive any profit distribution or dividend from our Consolidated Affiliated Entities, the VIE Shareholders and Sinohealth Information must immediately pay or transfer such amount (subject to the relevant tax payment being made under the relevant laws and regulations) to WFOE.

Under the Voting Rights Proxy Agreements, WFOE can unconditionally and irrevocably exercise shareholders' and/or partnership's rights (including appointment and removal of directors of Sinohealth Information and its subsidiaries) and voting rights (directors' rights of Sinohealth Information and its subsidiaries).

In addition, the Contractual Arrangements are irrevocable and renewable at the sole discretion of WFOE.

As a result of the Contractual Arrangements, our Company has obtained control of our Consolidated Affiliated Entities through WFOE and, at our Company's sole discretion, can receive all of the economic interest returns generated by our Consolidated Affiliated Entities, which we are entitled to by virtue of the equity interests we hold. Accordingly, our Consolidated Affiliated Entities' results of operations, assets and liabilities, and cash flows are consolidated into our Group's financial statements.

In this regard, our Directors consider that our Company can consolidate the financial results of our Consolidated Affiliated Entities into our Group's financial information as if they were our Company's subsidiaries. The basis of preparation of our Group's financial information for Track Record Period is disclosed in notes 1 and 2 to the Accountants' Report in Appendix I to this prospectus.

DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT

The FIL

On March 15, 2019, the NPC approved the FIL, which came into effect on January 1, 2020. On December 26, 2019, the State Council promulgated the Regulations on the Implementation of the FIL, which came into effect on January 1, 2020. The FIL replaced the foreign investment legal foundation in the PRC consisting of three laws: the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-Invested Enterprise Law. For details of the FIL, see "Regulatory Overview—Regulations on Corporation and Foreign Investment" in this prospectus.

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Impact and Potential Consequences of the FIL

Conducting operations through contractual arrangements has been adopted by many PRC-based companies including us, to obtain and maintain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions or prohibitions in the PRC. The FIL stipulates four forms of investment as foreign investment; however, it does not explicitly stipulate the contractual arrangements as a form of foreign investments. The FIL, unlike the discussion draft of the proposed Foreign Investment Law of the PRC (《中華人民共和國外國投資法(草案徵求意見稿)》) published in January 2015 by MOFCOM, does not explicitly prohibit or restrict a foreign investor to rely on contractual arrangements to control the majority of its business that is subject to foreign investment restrictions or prohibitions in the PRC.

Notwithstanding the above, the FIL stipulates that “investment in any other manners stipulated under laws, administrative regulations or provisions prescribed by the State Council” without elaboration on the meaning of “other manners.” Therefore, there are possibilities that future laws, administrative regulations or provisions of the State Council may regard contractual arrangements as a way of foreign investment, at which time it will be uncertain whether our Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how our Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of our Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. In the extreme scenario, we may be required to unwind our Contractual Arrangements and/or dispose of our Consolidated Affiliated Entities, which could have a material and adverse effect on our business, financial condition and result of operations. In the event that our Company no longer has a sustainable business after the aforementioned unwinding of the Contractual Arrangements or disposal of our Consolidated Affiliated Entities, it may have a material adverse effect on the trading of our Shares.

Therefore, there is no guarantee that our Contractual Arrangements and the business of our Consolidated Affiliated Entities will not be materially and adversely affected in the future. That being said, given the FIL has not explicitly prohibited or restricted a foreign restricted business to be controlled by contractual arrangements, and if there are no other promulgated national laws, administrative regulations or administrative rules prohibiting or restricting the operation of or affecting the legality of contractual arrangements, our PRC Legal Advisers are of the view that the agreements underlying the Contractual Arrangements are legal, valid and binding on the parties thereunder upon the execution of these agreements.

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

We have 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 governmental authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (ii) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

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- (iii) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports;
- (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 WFOE and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

In addition, notwithstanding that Mr. Wu and Ms. Wang, our Controlling Shareholders and executive Directors, are also the VIE Shareholders, we believe 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 because:

- (a) the decision making mechanism of our Board as set out in our Articles includes provisions to avoid conflicts of interest by providing, among other things, that in the event of a conflict of interest that is material, a Director shall declare the nature of his/her interest at the earliest meeting of our Board at which it is practicable for him/her to do so, and if he/she is to be regarded as having a material interest in any contract or arrangement, such Director shall abstain from voting and not be counted towards the quorum;
- (b) each of our Directors is aware of his/her fiduciary duties as a Director which requires, among other things, that he/she acts for the benefits and in the best interests of our Group; and
- (c) we have appointed three independent non-executive Directors, to provide a balance of executive and non-executive Directors representing interested and independent views to promote the interests of our Shareholders as a whole.

BUSINESS

OVERVIEW

We primarily provide healthcare insight solutions to address the sales and marketing needs of our medical product manufacturer clients. These solutions are based mainly on our retail data as a significant part of our healthcare big data. We have a leading position in the medical products and channels segment. Healthcare insight solutions refer to product or service offerings based on healthcare big data and associated technologies which support the information and digitization needs of various organizations in the industry. Our partnering pharmacies are our important business partners who primarily supply us with retail data, forming a key component of our database. We deliver our solutions mainly via offline channels such as in the form of reports, publications, events and campaigns. According to the iResearch Report, we ranked first for the medical products and channel segment of healthcare insight solutions in the PRC in terms of (i) revenue in 2021, and (ii) number of top medical product manufacturers (based on the lists of top medical product manufacturers in 2020 compiled by Torreya and Yaozh.com) and number of corporate clients served in 2020.

According to the iResearch Report, the total market size of China's healthcare insight solutions amounted to RMB24.9 billion in 2021 (in which we ranked the 5th in terms of revenue) and is expected to increase to RMB130.3 billion in 2026, representing a CAGR of 39.2%. By application scenarios, China's healthcare insight solutions market can be divided into three segments: (i) medical products and channels; (ii) medical services; and (iii) government supervision. We operate in the segment of insight solutions for medical products and channels. Medical products and channels segment amounted to RMB8.2 billion, accounting for approximately 32.9% of the total healthcare insight solutions in terms of revenue in 2021, and is expected to increase to RMB61.1 billion, accounting for approximately 46.9% of the total healthcare insight solutions in terms of revenue in 2026 at a CAGR of 49.4%, according to the iResearch Report. Both the medical products and channels segment and the healthcare insight solutions market in China are relatively fragmented, and in terms of revenue in 2021, we accounted for market shares of approximately 3.9% (among approximately 800 to 1,000 market players) and approximately 1.3% (among more than 2,500 market players), respectively, based on the iResearch Report. While we are the market leader in healthcare insight solutions for medical products and channels, we are actively exploring the market of healthcare insight solutions for medical services whenever there is an opportunity.

Our integrated healthcare insight solutions include:

- (i) **Data Insight Solutions** – tailor-made business growth or investment solutions in the form of customized data insights report to help clients make their business decisions and data-driven marketing solutions for promotion of clients' products to retail pharmacies and consumers, primarily targeting medical product manufacturers;
- (ii) **Data-driven Publications and Events** – customized publications in the form of reports, speeches and presentations by us and our clients based on our data insights as well as precision connections coordinated by us among our business participants (including our clients and non-clients who participate in our events), in order to help industry participants understand the market trend and enable business promotion and networking opportunities amongst them, targeting a wide range of healthcare industry participants such as medical product manufacturers, retail pharmacies and investment institutions; and

BUSINESS

- (iii) **SaaS** – user-friendly software embedded with functionalities such as data insights on medical products, consumer portrait, retail market and the industry, store and retail management tools, health and disease management tools and clinic management tools, in order to enable our clients to rapidly digitalize their business operations, primarily targeting medical product manufacturers, retail pharmacies, physical examination institutions and medical service institutions,

to a diverse group of healthcare industry participants with a particular focus on medical product manufacturers.

Through a combination of industry knowledge and continuous product development, we have developed comprehensive healthcare insight solutions which include customized (Data Insight Solutions and Data-driven Publications and Events) and standardized (SaaS) solutions and products for healthcare industry participants under a wide range of application scenarios. Our solutions and products help our clients improve their efficiency of operation and management, including their product sales, marketing, client management, supply chain management, research and development, product strategies, strategic decision-making and corporate investment.

We have established long-term relationships with a large number of well-known corporate clients in the healthcare industry. For the years ended 31 December 2019, 2020 and 2021, we had 630, 702 and 918 corporate clients, respectively. According to the iResearch Report, in 2021, we had 63 top medical product manufacturer clients, of which 69.8% had transactions with us for each of the three years ended 31 December 2019, 2020 and 2021.

Our business model is supported by the core pillars, namely, (i) Sinohealth Engine (our technology and data platform supporting all of our business segments which improves our product development efficiency and consistency through a cluster of common application modules and technologies and contains our data warehouse); (ii) Healthcare Industry Participant Networks (consisting of various sizeable and revenue-generating events and Media Channels organized and managed by us to provide business and networking opportunity to participants, promote our offerings and understand business needs for new product development); and (iii) Big Data & AI Lab (our research and development team which supports our technologies through internal research efforts and collaboration with external parties with a focus on data and AI technologies and feeds our well-developed technologies to Sinohealth Engine). See “—Our Business Model” in this section.

During the Track Record Period, our business continued to grow steadily. Our revenue increased by approximately 13.7% from approximately RMB177.8 million for the year ended 31 December 2019 to approximately RMB202.1 million for the year ended 31 December 2020, and by approximately 60.4% to approximately RMB324.2 million for the year ended 31 December 2021. Our profit for the year was approximately RMB54.4 million, RMB65.3 million and RMB72.0 million for the years ended 31 December 2019, 2020 and 2021, respectively. For the same periods, our net profit margin was approximately 30.6%, 32.3% and 22.2%, respectively. Our net profit margin decreased to 22.2% for the year ended 31 December 2021, primarily due to the listing expenses incurred, the introduction of certain solutions with lower margins within Data Insight Solutions, and the Reorganization leading to a higher effective tax rate in 2021. See “Financial Information” in this prospectus for more details. Our adjusted net profit margin (which is a non-HKFRS measure) for the year ended 31 December 2021 was 28.6%. See “Financial Information—Non-HKFRS Measures” in this prospectus for details.

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HEALTHCARE INSIGHT SOLUTIONS INDUSTRY

Healthcare insight solutions support the information and digitization needs of various organizations, institutions and enterprises in the healthcare industry. They lead to better services for medical institutions, medical product manufacturers, healthcare managers, healthcare regulators, insurance institutions, patients, and other participants in the healthcare industry chain. Tangible results that can be achieved include reduced clinical research and development costs, enhanced quality of medical diagnosis and treatment services, and more efficient institutional management and operations. This market can be divided into three segments, being (i) medical products and channels, mainly relating to solutions such as data insight solutions, real-world data of medical products and pharmaceutical SaaS services based on big data of medical products, purchasing behavior and circulation of medical products; (ii) medical services, mainly relating to smart medical services, electronic medical records and medical imaging; and (iii) government supervision, mainly relating to policy-making support and regional epidemiological research services. Currently, in terms of market size, the medical services segment is the largest and the medical products and channels segment enjoys the highest growth potential. Players in the healthcare insight solutions industry generally offer solutions that serve sales and marketing or research and development needs of the clients.

This medical products and channels part of the market has grown quickly, driven by factors such as the pressure of pharmaceutical research and development and marketing transformation pressure, and is forecast to reach a market size of RMB61.1 billion in 2026, according to the iResearch Report. Clients of this part of the market are mainly medical product manufacturers, medicine distribution companies and retail pharmacies. These companies are attracted to solutions using big data of user's purchasing behavior and distribution channels, as these data insights can be leveraged to create and target demand, boost sales, and make smart investments for the future. To enjoy a competitive advantage, industry players must be able to form and smartly utilize channels, source healthcare big data of good quality and develop and implement data technology. See "Industry Overview" in this prospectus.

OUR BUSINESS MODEL

We operate a business model based on big data and technologies and provide our clients with a value proposition with an emphasis on problem-solving, business growth and evolution of the healthcare industry as a whole.

Since 2008, we have been focusing on data acquisition, data analytic application and resource integration. Leveraging on our big data and technologies, we offer comprehensive and integrated solutions that support healthcare industry participants, primarily focusing on healthcare insight solutions for sales and marketing of medical products and channels.

Overview of Our Business Segments and Offerings

During the Track Record Period and up to the Latest Practicable Date, we operated three business segments, including Data Insight Solutions, Data-driven Publications and Events and SaaS, following the order of respective revenue contributions during the Track Record Period. Our business model is client-centric and our business portfolio allows us to accommodate the needs of our clients for various scenarios.

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The following table sets forth our portfolio of comprehensive and integrated offerings for each business segment as at the Latest Practicable Date.

Business segment & target clients	Offering	Application scenarios	Value to clients	Deliverable	Monetization
Data Insight Solutions					
<ul style="list-style-type: none"> Growth and Investment Decision Solutions (<i>targeting medical product manufacturers</i>) 	<ul style="list-style-type: none"> Tailor-made business growth and investment solutions on demand based on our data insights, which contains a clear view on the market performance of relevant medical products and channels 	<ul style="list-style-type: none"> Business operation of medical product manufacturers, such as their production, sales and strategies Investment decision-making 	<ul style="list-style-type: none"> Helping clients form the basis for decision-making, marketing strategies, problem-solving, investment and strategic business development 	<ul style="list-style-type: none"> One-time and/or periodic customized reports, and if required, report interpretations of data analytics and problem-solving recommendations 	<ul style="list-style-type: none"> Service fees on a case-by-case basis depending on the scope of data insight and period to be covered by the report, as well as the complexity of the data analysis and the value to our clients
<ul style="list-style-type: none"> Data-driven Marketing Solutions (<i>targeting medical product manufacturers</i>) 	<ul style="list-style-type: none"> Multi-channel marketing solutions covering customized marketing consultation and campaigns coordination, media content production and training services which are supported by our data technology 	<ul style="list-style-type: none"> Precision connection and promotion for clients' products Retail channel training for medical product manufacturers 	<ul style="list-style-type: none"> Helping clients analyze demand, preference and behavior of end-consumers, identify more suitable marketing channels, formulate more effective marketing plans and create more targeted media content to achieve clients' ultimate goal of driving sales 	<ul style="list-style-type: none"> Marketing proposals and campaigns Media content Customized training 	<ul style="list-style-type: none"> Service fees on a case-by-case basis depending on the scope of data insight, complexity, timespan and expenses of the marketing campaign Service fees on a case-by-case basis depending on the complexity of the media content Service fees on a case-by-case basis depending on the number of participants, the frequency and length of the trainings
Data-driven Events (<i>targeting healthcare industry participants (such as medical product manufacturers, retail pharmacies and investment institutions)</i>)	<ul style="list-style-type: none"> Publications of data insights through reports, speeches or presentations; precision connection through promotional campaigns and road show coordination; and exhibitions for brand promotion 	<ul style="list-style-type: none"> Understanding of industry developments, brand and product promotion and networking opportunities for medical product manufacturers, pharmacies as well as other business participants 	<ul style="list-style-type: none"> Providing clients with data insights regarding the healthcare industry as well as precision connection with target business partners, publications of views and ideas, exhibition, marketing and business exposure 	<ul style="list-style-type: none"> Publications by clients and us Conventions, summits, forums, seminars, exhibitions, promotion campaigns, roadshows organized by us 	<ul style="list-style-type: none"> Lump sum service fees on a case-by-case basis depending on the scope of services and associated costs Service fees on a case-by-case basis depending on the size, facility and the location of the exhibition booth Ticket fee depending on the nature of the events

Business segment & target clients	Offering	Application scenarios	Value to clients	Deliverable	Monetization
<p>SaaS</p> <ul style="list-style-type: none"> Smart Decision Cloud (mainly CHS, LinkedSee and Pharmacy Connect) <i>(targeting medical product manufacturers, medical, research institutions and suppliers of raw materials of medical products)</i> 	<ul style="list-style-type: none"> Right of use to our proprietary cloud-based software to generate data insights based on drug information analytics, consumer portrait analytics or pharmacy information analytics 	<ul style="list-style-type: none"> Drug related information search and competitive product analysis Market information generation on the latest drug retail performance Information search on pharmacy stores' number, market potential, geographical location and layout 	<ul style="list-style-type: none"> Supporting in looking up specification information and evaluating market potential of a particular drug or drug category, which helps the client formulate decision in relation to medicine research, development or distribution Supporting in obtaining an overall insight into the sales performance of the drug market and the market performance and consumer characteristics for a specific drug category or brand, which helps the client optimize the decisions in relation to retail distribution and development for a specific product category Supporting in gaining an understanding of retail market pattern, scale, potential, which helps the client optimize the decision in relation to sales channel selection, promotion channel selection and marketing effect monitoring 	<ul style="list-style-type: none"> Access to our proprietary cloud-based software, together with additional reports on an ad-hoc demand 	<ul style="list-style-type: none"> Annual subscription fee depending on the number of user accounts required, product purchased and extent of access rights

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Business segment & target clients	Offering	Application scenarios	Value to clients	Deliverable	Monetization
<ul style="list-style-type: none"> Smart Retail Cloud (mainly SIC) <i>(targeting retail pharmacies)</i> 	<ul style="list-style-type: none"> Right of use to our proprietary cloud-based software that facilitates store and retail management 	<ul style="list-style-type: none"> Membership management (such as membership registration tracking, member loyalty identification and purchasing behaviour monitor), store management (including pharmacy staff management and in-store sales performance and inventory assessment), data insight acquisition (regarding market condition and opportunities), and pharmacy staff training (with trackable progress and effectiveness) 	<ul style="list-style-type: none"> Supporting pharmacies with membership and marketing management, store management, data insights and staff training, which improves their customer service efficiency, internal management levels and professional services 	<ul style="list-style-type: none"> Access to our proprietary cloud-based software 	<ul style="list-style-type: none"> Our SIC users were not required to pay us installation and subscription fee and we only charged for customized add-on services such as category management and onsite training during the Track Record Period
<ul style="list-style-type: none"> Smart Health Management Cloud (AI-MDT) <i>(targeting physical examination, institutions and medical service institutions)</i> 	<ul style="list-style-type: none"> API use for physical examination report analysis and subsequent health management plans 	<ul style="list-style-type: none"> Intelligent disease screening and prevention, sub-health intervention and chronic disease management with reference to the health metrics and lifestyle of individuals 	<ul style="list-style-type: none"> Supporting our clients such as physical examination institutions in the provision of in-depth physical examination report analysis and subsequent health management plans to more users based on their respective health metrics and lifestyle in a cost efficient manner 	<ul style="list-style-type: none"> Customized healthcare reports 	<ul style="list-style-type: none"> Usage-based subscriptions for APIs
<ul style="list-style-type: none"> Smart Medical Cloud (revenue generated since 2021 with certain completed modules while research and development of the entire project is yet to complete) <i>(targeting medical service institutions and public health agencies)</i> 	<ul style="list-style-type: none"> Setup of internet hospital through application software 	<ul style="list-style-type: none"> Digitalization of medical service consultation and treatment processes, covering online medical appointments, out-patient consultation, hospitalization, diagnosis, medical treatments, prescription and dispensing, follow-up consultations and medical product logistics 	<ul style="list-style-type: none"> Aiming to support medical service institutions with setup of internet hospitals covering the whole medical treatment process 	<ul style="list-style-type: none"> Application software 	<ul style="list-style-type: none"> Service fees on project basis with reference to the services modules constructed and associated technology and services provided

BUSINESS

Key Financial Information of Our Business Segments

We have a proven track record of monetizing our offerings. Our solutions and products are highly valued by our clients. For the years ended 31 December 2019, 2020 and 2021, our revenue amounted to approximately RMB177.8 million, RMB202.1 million and RMB324.2 million, respectively.

- **Data Insight Solutions.** During the Track Record Period, a significant portion of our revenue was generated from our Data Insight Solutions. For the years ended 31 December 2019, 2020 and 2021, our revenue derived from Data Insight Solutions amounted to approximately RMB92.8 million, RMB98.4 million and RMB161.4 million, representing approximately 52.2%, 48.7% and 49.8% of our total revenue, respectively.
- **Data-driven Publications and Events.** Additionally, during the Track Record Period, our Data-driven Publications and Events which are our healthcare insight solutions delivered through our Industry Events are an important component of our business. For the years ended 31 December 2019, 2020 and 2021, our revenue derived from Data-driven Publications and Events amounted to approximately RMB80.5 million, RMB96.7 million and RMB134.6 million, representing approximately 45.3%, 47.8% and 41.5% of our total revenue, respectively.
- **SaaS.** Over years of laying a solid foundation since 2008, we have developed our SaaS products through our continued efforts in research and development. For the years ended 31 December 2019, 2020 and 2021, our revenue derived from SaaS products amounted to approximately RMB4.4 million, RMB7.0 million and RMB28.2 million, representing approximately 2.5%, 3.5% and 8.7% of our total revenue, respectively.

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The following table sets forth a breakdown of our revenue, gross profit and gross profit margin by business segment during the Track Record Period.

	For the year ended 31 December								
	2019			2020			2021		
	<i>Revenue</i>	<i>Gross Profit</i>	<i>Gross Profit Margin</i>	<i>Revenue</i>	<i>Gross Profit</i>	<i>Gross Profit Margin</i>	<i>Revenue</i>	<i>Gross Profit</i>	<i>Gross Profit Margin</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
Data Insight Solutions	92,800	60,454	65.1%	98,418	66,294	67.4%	161,367	90,181	55.9%
Data-driven Publications and Events	80,506	46,658	58.0%	96,678	63,355	65.5%	134,613	85,426	63.5%
SaaS	4,444	(1,016)	(22.9)%	6,977	557	8.0%	28,186	17,032	60.4%
Total	177,750	106,096	59.7%	202,073	130,206	64.4%	324,166	192,639	59.4%

The following table sets forth the average revenue generated from each corporate client and the average revenue generated from each of the largest 100 corporate clients in terms of revenue for our business segments during the Track Record Period.

	For the year ended 31 December		
	2019	2020	2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Average revenue generated from each corporate client			
Data Insight Solutions	422	434	628
Data-driven Publications and Events	259	295	314
SaaS	20	25	65
Average revenue generated from each of the largest 100 corporate clients			
Data Insight Solutions	904	939	1,506
Data-driven Publications and Events	728	847	1,082
SaaS	40	62	241

For the year ended 31 December 2021, we recorded significant increases in average revenue generated from each corporate client and each of the largest 100 corporate clients for our Data Insight Solutions, respectively, which were mainly due to (i) our clients' increased demand under the Growth and Investment Decision Solutions, which was driven by the recovery of the market from COVID-19 pandemic and our sustained efforts in developing solutions and enhancing data and technology capabilities; and (ii) our emphasis on higher value projects under the Data-driven Marketing Solutions. For the same period, the significant increases in respect of the same for our SaaS were mainly resulted from the growth of our Smart Decision Cloud, where we entered into contracts of higher value with our corporate clients and recorded an increase in the number of corporate clients that purchased more than one product as compared to that of 2020.

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The following table sets forth a breakdown of revenue by client type during the Track Record Period.

	For the year ended 31 December		
	2019	2020	2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue by client type			
Corporate clients	177,565	201,874	323,767
Medical product manufacturers	165,220	185,404	291,824
Others ⁽¹⁾	12,345	16,470	31,943
Individual clients	185	199	399
Total	<u>177,750</u>	<u>202,073</u>	<u>324,166</u>

Note:

(1) Others included pharmacies, physical examination institutions, investment institutions, regulators and medical service institutions.

Interaction among Our Core Pillars, Our Solutions and Products and Our Clients

Our Sinohealth Engine, Healthcare Industry Participant Networks and Big Data & AI Lab are the core pillars of our business model:

- Sinohealth Engine.** It is our technology and data platform which comprises (i) a large number of application modules and technologies developed by our Big Data & AI Lab and (ii) our data warehouse “Tiangong No.1”, to support all of our business segments. There are three main application modules which respectively supports our capabilities in AI, big data and technology development. Our developers are able to quickly assemble these technologies into end-user-oriented features or products so as to improve our product development efficiency and ensure synergy and consistency among our offerings. See “—Our Technologies and Big Data” in this section.
- Healthcare Industry Participant Networks.** These networks consist of various sizeable and revenue-generating events and Media Channels focusing on healthcare industry organized and managed by us. Our Healthcare Industry Participant Networks not only provide business and networking opportunities for our business participants, but also help us quickly and accurately understand their business needs for further development of our Data Insight Solutions and SaaS products. In addition, they are our promotion platform for our Data Insight Solutions and SaaS products, helping us access to a large number of potential clients at a low cost and enhance our brand recognition, client loyalty and reputation in the healthcare industry. See “—Healthcare Industry Participant Networks” in this section.

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- **Big Data & AI Lab.** Our Big Data & AI Lab is our research and development team for conducting research on big data and AI technologies through internal research efforts and collaboration with external parties. It supports us in our technologies and cultivates more research and development projects, and feeds our well-developed technologies to Sinohealth Engine. It focuses on the technical research of AI and big data processing and analytics, with a medical and healthcare-specific perspective to enhance our core competence. See “—Research and Development” in this section.

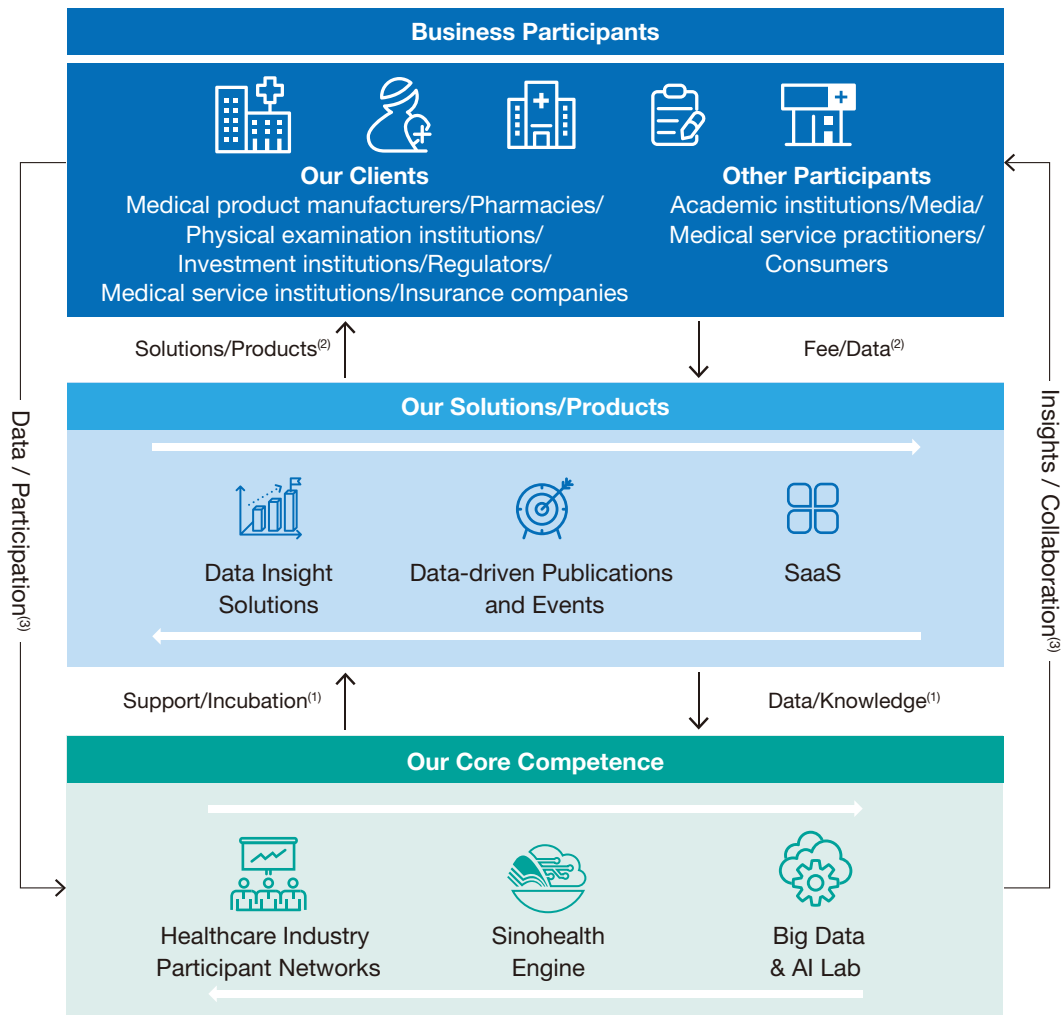
These core pillars interact with each other through the following: (i) Big Data & AI Lab provides technologies to Sinohealth Engine through its research and development on big data and AI technologies. Its research and development projects and collaboration with external experts form part of the publication content and participants of our Healthcare Industry Participant Networks; (ii) Sinohealth Engine supports the content development and publication for Healthcare Industry Participant Networks by making available its technologies and data warehouse; and (iii) Healthcare Industry Participant Networks collect the needs of our business participants and inspire the research initiatives of Big Data & AI Lab, and help promote the well-developed research and development projects of Big Data & AI Lab by way of publication.

Our different business segments create synergies: (i) our Data-driven Publications and Events collect business needs of our other business segments while assisting in their business development at the same time; (ii) our Data Insight Solutions support content requirements for our Data-driven Publications and Events and drive the development of our SaaS products through standardizing certain customary industry needs as software products; (iii) and our SaaS product (SIC) provides data sources for our Data Insight Solutions and Data-driven Publications and Events, and our SaaS clients also become participants of our Data Insight Solutions and Data-driven Publications and Events.

Our business participants comprise (i) our clients including medical product manufacturers, pharmacies, physical examination institutions, investment institutions, regulators, medical service institutions and insurance companies; and (ii) other non-client participants including academic institutions, media, medical service practitioners and consumers. The network effect allows us to attract, reach, engage and connect various participants across the industry value chain.

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The following diagram illustrates our core competence, our solutions/products and our business participants and how they are interconnected.



Notes:

- (1) As described above, our core pillars, Sinohealth Engine, Healthcare Industry Participant Networks and Big Data & AI Lab, represent our core competence and support the development, promotion and delivery of our solutions and products. Knowledge about the business needs of our clients is derived from interaction with them through delivery of our solutions and products, in particular, our Data-driven Publications and Events. Retail, store management and de-identified consumer data is collected from retail pharmacies which are our SIC users and stored in the Sinohealth Engine.
- (2) We primarily provide our solutions and products to our clients including medical product manufacturers, pharmacies, physical examination institutions, investment institutions, regulators, medical service institutions and insurance companies, and we collect fees in return. Retail, store management and de-identified consumer data is collected from retail pharmacies which are our SIC users and ultimately stored in the Sinohealth Engine. Through participation in our Data-driven Publications and Events, background information of participants is collected in our Healthcare Link. In particular, we have commenced offering our Smart Medical Cloud products to medical service institutions in return for a fee in 2021.
- (3) We publish our data insights and media content through our Healthcare Industry Participant Networks to participants including consumers, medical services practitioners, academic institutions and media who may not be our clients and are followers to our Media Channels or are invited by us to participate in our events. In addition, we collaborate with other media outlets in promotion of our Industry Events. Our Big Data & AI Lab also collaborate with academic institutions to enhance our data and AI technologies. Retail data is collected from partnering pharmacies which enter into CMH Cooperation Agreements with us. Through participation in our Healthcare Industry Participant Networks, information of participants is collected by our Healthcare Link.

OUR STRENGTHS

We believe that the following key competitive strengths contribute to our business growth and differentiate us from our competitors:

We are the largest provider of healthcare insight solutions for medical products and channels in China.

As one of the first movers, we entered the healthcare insight solutions industry in 2008 when we commenced our data collection and data analytics initiatives. As we grow our business, our data insights have been widely accepted and are well-received in the healthcare industry. According to the iResearch Report, we ranked first in the PRC in terms of revenue generated from healthcare insight solutions for medical products and channels in 2021. Healthcare insight solutions for medical products and channels accounted for approximately 32.9% of the entire healthcare insight solution market in terms of revenue in 2021 and it is expected to increase to 46.9% in 2026, according to the iResearch Report.

We have also been engaged by various governmental authorities to conduct research projects which formed part of their policy-making basis, which is a recognition of our capability and leading position. These projects included among others:

- research on impact of the centralized procurement of drugs by the state on retail pharmacies conducted in 2020 for a state-level healthcare authority;
- a white paper on the health condition of the Chinese urban population conducted in 2017 and 2019 for a state-level healthcare authority;
- research on policies in respect of saving medical insurance funds through retail pharmacies and standardized management conducted in 2019 for a state-level healthcare authority;
- a 13th five-year development plan of the healthcare industry which was tailor-made to the specific situation of a local region conducted during 2016 to 2019 for a district-level governmental bureau;
- a 13th five-year development plan focusing on the circulation of pharmaceuticals in the drug retail industry conducted in 2015 for a state-level government bureau; and
- research on the definition and pricing mechanism of famous and quality Chinese medicine conducted during 2014 to 2015 for a state-level commission.

Unlike traditional insight solutions providers, we have also invested in our research and development on software products with a view to capture the digital transformation of the healthcare industry. Based on our industry and data insights, we have developed a number of SaaS products through continuous product upgrades and technological development. For the years ended 31 December 2019, 2020 and 2021, our SaaS products had 226, 283 and 435 corporate clients, respectively. According to the iResearch Report, as at 31 December 2020, the GMV of our partnering pharmacies was approximately RMB46.1 billion, accounting for approximately 10.5% of that of China's total retail pharmacies in 2020.

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We have developed our own model of product commercialization and monetization. As a result of our efficient, established and proven business model, we have achieved strong profitability. Our net profit was approximately RMB54.4 million, RMB65.3 million and RMB72.0 million for the years ended 31 December 2019, 2020 and 2021, respectively. Our adjusted net profit (which is a non-HKFRS measure) for the year ended 31 December 2021 was RMB92.6 million. See “Financial Information—Non-HKFRS Measures” in this prospectus. For the same periods, our net profit margin was approximately 30.6%, 32.3% and 22.2%, respectively. Our net profit margin decreased to 22.2% for the year ended 31 December 2021, primarily due to the listing expenses incurred, the introduction of certain solutions with lower margins within Data Insight Solutions, and the Reorganization leading to a higher effective tax rate in 2021. See “Financial Information” in this prospectus for more details. Our adjusted net profit margin (which is a non-HKFRS measure) for the year ended 31 December 2021 was 28.6%. See “Financial Information—Non-HKFRS Measures” in this prospectus.

Leveraging on our first-mover and market leader advantages, significant experience, strong profitability, reputation, market recognition and extensive client base, we believe that we are well positioned to further increase our market share in the industry efficiently and further differentiate ourselves from our competitors.

Being a pioneer in the healthcare insight solutions industry, we are competitive given the high barriers to entry, and we benefit from strong monetization with our established operations and our focus on vertically integrated solutions that are consistent with the unique characteristics of the healthcare industry.

According to the iResearch Report, high barriers to entry have been established in the healthcare insight solutions industry, making it difficult for new entrants to succeed without investing in a large amount of resources or having a clear profitability model. The industry threshold is high, partly due to the high barriers of the healthcare industry and its associated data collection and analysis given that (i) the healthcare industry is of both public interest and commercial nature; (ii) the healthcare industry is highly regulated; and (iii) medical treatment recipients, medical services providers and payers are separated. Therefore, staying competitive in China’s healthcare insight solutions industry requires an accumulation of experience over time and complete industry chain offerings, and first-mover advantage is considered one of the entry barriers. See “Industry Overview” in this prospectus.

We are competitive as we have been operating in the healthcare insight solutions industry since 2008 and enjoy first-mover advantage. In 2012, we began our research and development on commercial big data technologies and established our healthcare databases as well as data standardization systems. With our expertise in the healthcare insight solutions industry and insights into the industry trends, we design our solutions and products that are upgraded and optimized based on our experience and technologies.

We believe that we have created strong brand recognition and have enhanced our industry reputation over the years. We strive to become a trustworthy business partner to our clients. We help our clients with identifying market opportunities, understanding the competitive landscape, forming the right marketing decisions and formulating business strategies in the complex and constantly changing market environment, achieving sustainable growth and expanding market shares of their products. We believe that our client base is crucial to our ability to further monetize our business and achieve higher profitability.

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We provide Data Insight Solutions, Data-driven Publications and Events and a variety of SaaS products that are vertically integrated to the healthcare industry participants. Our Data Insight Solutions cover the main aspects of application scenarios in the healthcare industry, including product sales, marketing, client management, supply chain management, research and development, product strategy, corporate strategies and investments. Our solutions provide key knowledge and effective tools for medical product manufacturers in China to improve their efficiency. Our revenue generated from Data Insight Solutions increased by approximately 6.1% from RMB92.8 million for the year ended 31 December 2019 to RMB98.4 million for the year ended 31 December 2020 and further by approximately 64.0% to RMB161.4 million for the year ended 31 December 2021, as we gained more recognition from our clients.

Our SaaS products are specifically designed to provide a superior and reliable client experience across a wide range of application scenarios for the healthcare industry participant. Through standard but effective tools, our SaaS products mainly (i) enable medical product manufacturers and pharmacies to quickly understand retail market trends, consumer insights, retail planning and channel management, and enable them to efficiently conduct category management, membership management, staff training and (ii) enable physical examination institutions to conduct healthcare management for more users, thereby improving their efficiency and performance. Our revenue generated from SaaS products increased by approximately 57.0% from approximately RMB4.4 million for the year ended 31 December 2019 to approximately RMB7.0 million for the year ended 31 December 2020 and further by approximately 304.0% to RMB28.2 million for the year ended 31 December 2021.

We believe that our Data Insight Solutions and SaaS products provide us with significant growth potential and competitive advantages. Through our comprehensive Data Insight Solutions that target medical product manufacturers, we have successfully developed and enhanced our relationship with the medical product manufacturers in the PRC as well as our market position. With our various SaaS products targeting medical product manufacturers, pharmacies, medical service institutions and other healthcare industry participants, we are able to diversify our monetization channels from a more diverse client base through our SaaS offerings. As we grow, we will invest in more optimized products to meet clients' needs and strengthen their relationship with us.

Our powerful Healthcare Industry Participant Networks allow us to generate revenue, enhance our clients' business opportunities through precision connection and marketing, understand clients' needs and enhance our sales and marketing efficiency.

Our well-recognized Industry Events such as the Industry Prospect Events, Merchandise Trading Events and Retail Sales Events which we have organized for more than 13 years, coupled with our various Media Channels, precisely connect a wide range of industry participants such as pharmacies, medical product manufacturers, investment institutions, experts and media. See “—Healthcare Industry Participant Networks” in this section for details.

Our Industry Events are the channel for us to deliver our Data-driven Publications and Events and generate revenue. We provide customized content preparation and review for our clients' publications to deliver to their potential business partners and investors in the promotion of their brands and products during our events. Such contents are mainly prepared in the form of tailor-made reports, speeches and presentation slides based on our data insights which contain

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analysis on the brand value and business potential of our clients. We also publish and provide our event attendees with our data insight reports which are tailor-made according to the theme of each event. The content and our reports are core values of our events and an important highlight, which has attracted diversified attendees to actively participate in our events for more than a decade. For the years ended 31 December 2019, 2020 and 2021, revenue generated from our Data-driven Publications and Events was approximately RMB80.5 million, RMB96.7 million and RMB134.6 million, respectively.

In addition, through our Industry Events, we offer valuable opportunities to these industry participants on a regular basis for (i) face-to-face interactions with experts, business partners, peers and clients of the healthcare industry; (ii) publications of views and ideas on the industry and corporate strategies; and (iii) exhibition, marketing and business exposure. Leveraging our Healthcare Link which keeps track of the activities of participants, we provide precision connection and marketing and promote business cooperation among participants. In addition, each of our Media Channels has its own unique market positioning and followers, and individually and collectively serve various purposes for our clients, including marketing and training.

Through our Healthcare Industry Participant Networks, we are able to track the needs of the healthcare industry participants more quickly and accurately to facilitate our successful solutions and products development. Meanwhile, our Healthcare Industry Participant Networks enable us to develop key clients, formulate our business proposals for them and promote our capabilities and offerings. As a result, we are able to maintain low marketing expenses for the effective acquisition of new clients and strengthen our brand awareness and recognition. For the years ended 31 December 2019, 2020 and 2021, our selling and distribution expenses were approximately RMB10.7 million, RMB14.8 million and RMB24.8 million, representing only 6.0%, 7.3% and 7.6% of our total revenue for the same periods, respectively. Our selling and distribution expenses for the years ended 31 December 2020 and 2021 increased primarily due to an expansion in our sales and marketing team for promotion of our SaaS products. See “Financial Information” section in this prospectus.

According to the iResearch Report, our Data-driven Publications and Events delivered through our Industry Events differ from traditional medical conferences organized by other event organizers in the following ways: (i) traditional medical conferences focus on medical knowledge dissemination targeted at physicians while our events are driven by promoting our own solutions and products and assisting our clients, mainly medical product manufacturers, pharmacies and investors, in promoting their brand value and products and precision connection with other industry participants based on our data insights and technologies; (ii) we take the leading role in hosting and deciding the theme and content of our events as opposed to traditional medical conference organizers which merely play the execution role in which the topics are typically chosen by the hosts such as medical associations; (iii) traditional medical conferences are usually unrelated to healthcare big data while our data technologies and analysis play a key role in preparing for and delivering publications for us and our clients in our events, and the events themselves serve as a platform for our deliverables; and (iv) the event organizers usually charge a service fee based on a certain percentage of the associated costs of setting up the conferences but our clients pay us a lump sum contract fee which covers a selection of our service items including sponsorship, exhibition, promotion campaign and roadshow as well as the associated costs of the requested services.

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We have developed an extensive, prestigious and loyal client base.

We believe that the healthcare industry today is characterized by the existence of medical product manufacturers of different sizes, all of which are driven to streamline their business process and increase their efficiency so as to compete effectively. We believe this creates a significant demand for our solutions and products. Our understanding of the healthcare industry and insight into the latest industry trends and developments enables us to provide a full range of healthcare insight solutions to support our clients' long-term growth and helps us stand out from our competitors.

For the years ended 31 December 2019, 2020 and 2021, we had 630, 702 and 918 corporate clients, respectively. Our clients mainly cover key participants in the healthcare industry, including medical product manufacturers, pharmacies, regulators, investment institutions and medical service institutions. In 2020, according to the iResearch Report, we had 57 top medical product manufacturer clients and we ranked first among China's medical products and channels insight solution providers for the number of top medical product manufacturers covered. According to the iResearch Report, in 2021, the number of the top medical product manufacturer clients we covered increased to 63. For the years ended 31 December 2020 and 2021, 304 and 426 of our corporate clients were repeat clients. For the same periods, our revenue derived from these repeat clients amounted to approximately RMB165.7 million and RMB262.0 million, representing approximately 82.0% and 80.8% of our total revenue, respectively.

We value clients' feedback, which drives our improvements of client services. We address a variety of after-sales client requests in a timely and effective manner to improve overall client satisfaction. Our large and growing client base provides us with valuable insights into best industry practices, allowing us to better understand clients' needs and improve our solutions and products accordingly.

Our extensive network and big data strongly supports our solutions and products.

We possess comprehensive databases which are arranged in line with the unique characteristics of the healthcare industry, including our self-developed master databases, retail market database and retail insight database. Throughout more than ten years of deep cultivation, these databases form our backbone of most of our analyses and solutions.

Our master databases are developed by us that can be used as indexes and describe the core attributes of various information in the healthcare industry. Our master data is mainly collected from officially published information. Our master databases are our important healthcare directory as well as the basis of our solutions and products including Pharmacy Connect. See “—Our Technologies and Big Data—Big Data” in this section.

Our retail market database is established through our data cooperation with partnering pharmacies. Our partnering pharmacies increased from 496 as at 31 December 2019, to 759 as at 31 December 2020 and further to 1,072 as at 31 December 2021 while the retail pharmacy stores covered increased from 25,157 as at 31 December 2019, to 37,703 as at 31 December 2020 and further to 52,882 as at 31 December 2021. Retail pharmacies are our important business partners. According to the statistics of the National Medical Products Administration,

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by the end of 2020, there were approximately 554,000 pharmacies in China, of which 55.7% were chain pharmacies. In order to establish and grow databases which are representative in the industry, cooperation with pharmacies at various levels is required. We have established and maintained a close relationship with our partnering pharmacies.

On the basis of our retail market database, we establish our retail insight database through amplified and imitation modeling that covers various retail data such as medicine, healthcare products, medical devices and Chinese medicine. We process our data at our data warehouse, cross-check against our master databases and label them with various standardized tags, so as to meet our analysis needs which include among others product name, manufacturer, specifications, packaging quantity, medicine attributes, applicable population, dosage form, medication route and medical insurance catalog.

The granularity of our retail insight database enables a complete retail index system analysis, such as sales scale, market share, sales growth and distribution channel. As a result, we are able to provide data insights regarding individual markets of 22 provinces, municipalities and autonomous regions (collectively, “**provinces**”) and 101 cities as at the Latest Practicable Date. Meanwhile, we have recently developed market insight of DTP pharmacies and e-commerce market insight products in response to the trend of accelerated new drug launches and the development of e-commerce.

In addition to our data resources, we have mature analytics models, marketing theories and industry practice experience which provide sound and standardized data insights, professional research and tailor-made solutions to address different application scenarios as well as business needs such as decision-making regarding strategy, marketing and sales. Our data as well as data analytics models enable deeper and more accurate insights, knowledge and solutions.

Our Sinohealth Engine is able to incubate Data Insight Solutions and SaaS products effectively and successfully.

Our offerings and technological development are our core competitiveness. Since 2008, we have identified the significant market potential of research and development regarding the marketing and operation of the healthcare industry due to its complex nature. Since then we have focused on product and technology development with a view of contributing to the digital transformation of China’s healthcare industry. Our SaaS products are built upon advanced data technologies, AI technologies and cloud computing and support the complex and data-intensive operation and management of the participants in the healthcare industry.

Through continuous upgrade and optimization, our Data Insight Solutions for the healthcare industry have integrated common industry practices. Our Data Insight Solutions can integrate effectively with our clients’ own databases and internal decision-making systems, which helps improve client experience and increase our business opportunities.

We continue to diversify our SaaS products to cover the major application scenarios of the healthcare industry participants. Our Sinohealth Engine enables us to integrate application modules into a complete SaaS product and quickly apply them into application scenarios.

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As at the Latest Practicable Date, we had 62 registered software copyrights and four patents relating to our Data Insight Solutions and SaaS products. The success of our product and technology innovation has been recognized with various awards and honors. For example, our Sinohealth Jianshu has been appraised at CMMI Maturity Level 3 of the Capability Maturity Model Integration for Development (Staged), Version 2.0 which is effective until 5 February 2024. This demonstrates that our software center has formulated a standard internal procedure and established an integrated system to proactively improve our software development and maintenance.

Our visionary management and talented pool of both IT and healthcare expertise enables us to succeed in a highly professional industry.

We are led by an experienced management team with a proven track record of driving innovation, growth and profitability focused on developing solutions using big data analytics and technological capabilities for healthcare industry participants. Mr. Wu, our founder, Chief Executive Officer and Chairman, has over 20 years of experience in the healthcare and technology industries. He brings a wealth of experience from his previous tenure at the NMPA Southern Medicine Economic Research Institute (國家藥品監督管理局南方醫藥經濟研究所) (the “SMERI”), where he was the general manager of the information center. He was also the general manager of the operating company of Pharmaceutical Economic News (《醫藥經濟報》) hosted by the SMERI. His entrepreneurship and vision led to the founding of our Group in 2007. Mr. Wu was joined by Ms. Wang, our Chief Operating Officer and an executive Director, in 2008. She has over 20 years of experience in the healthcare industry, and was previously the vice general manager of the operating company of Pharmaceutical Economic News (《醫藥經濟報》). Mr. Su Caihua, our chief data officer and the vice president of our Group, joined us in 2008 and is mainly responsible for our Data Insight Solutions business. He obtained a bachelor’s degree in prophylaxis from Zhejiang University in the PRC in September 1999. Mr. Tang, our chief technology officer, joined us in 2017 and is mainly responsible for our research and development in AI technology and big data. Mr. Tang obtained a bachelor’s degree in prophylaxis from Guangxi Medical University in June 2010 and a master’s degree in public healthcare from Sun Yat-Sen University in June 2012. He is currently studying at the University of Chinese Academy of Sciences for a doctorate program majoring in computer application technology.

Our senior management team works closely with our data technology experts and are able to provide valuable insight and guide our programs and processes to improve their accuracy, precisions, relevancy and efficiency. Our team collectively understands the needs of our healthcare industry participants, and are able to recognize and anticipate the direction of their needs, enabling us to continually develop and deliver solutions on a growing scale.

We are committed to attracting and retaining leading talent in the industry, who are drawn to us due to our established position in the healthcare insight solutions industry, clear and concrete mission and value propositions, and employee incentive programs. We are able to offer high job satisfaction resulting in motivated employees with a stable team structure. As at the Latest Practicable Date, 28 of our employees possessed medical expertise, with an average working experience of more than seven years; 54 of our employees possessed medicine expertise, with an average working experience of more than six years; 111 of our employees possessed computer science expertise, with an average working experience of more than six years. Notably, we have attracted and retained compound talents which include Mr. Tang with

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multi-subject knowledge, expertise and experience. We believe that our employees are key to our business success and to ensure our sustainable development.

OUR STRATEGIES

We intend to maintain and continuously strengthen our position as a pioneer healthcare data technology company in China. For our future plans and use of proceeds, see “Future Plans and Use of Proceeds” in this prospectus. To achieve this goal, we plan to pursue the following business strategies:

Continue to invest in and expand our SaaS products in the healthcare industry

We will continue to enhance the functionality and performance of our SaaS products. With the development of cloud technology, the demand of the healthcare industry participants for technology-driven SaaS products has extended from decision support to a wider range of specific business scenarios. In response to our clients’ increasing demand for specific solutions, we plan to increase our investment in technological innovation and product development, introduce more SaaS products and functions which can be monetized, and provide one-stop services to clients.

According to the iResearch Report, SaaS delivery and non-SaaS delivery are two delivery models for the market of healthcare insight solution, with the market size for SaaS delivery expected to grow at a CAGR of approximately 61.4% from 2021 to 2026. The SaaS delivery model is expected to become more prevalent as technologies advance and its advantages in delivery, operation and maintenance will allow it to have broad application prospects in the medical and healthcare industry. We have recognized that medical product manufacturers, which form our core group of clients, are actively considering adopting SaaS products more often to solve their marketing and operation problems, especially since SaaS products are generally flexible and convenient to use and operate, capable of updating data on a timely basis and relatively cost-effective. According to the iResearch Report, SaaS delivery methods will play an increasingly important role in insight solutions for medical products and channels in China, as demonstrated by its estimate to grow from 14% of insight solution for medical products and channels in China using the SaaS delivery method in 2021 to approximately 22.0% by 2026.

We plan to attract new clients by investing more in the branding and marketing of our SaaS business segment. In particular, we plan to increase penetration of our SaaS products among our existing clients through cross-selling. We believe this will not only drive growth of our SaaS products in a cost-effective manner, but also help strengthen our relationship with these clients and increase their engagement level and retention rate.

In addition to research and development of new SaaS products, we intend to invest heavily in our existing Smart Decision Cloud, Smart Retail Cloud, Smart Medical Cloud and Smart Health Management Cloud for the purposes of (i) module upgrades and improvement of our application scenarios; and (ii) expansion of client type and base. For example, we expect to promote our Smart Medical Cloud to groups including community medical institutions, private hospitals and county-level hospitals. We also expect to convert our existing non-paying SIC users to paying users. For Smart Health Management Cloud, we seek to cooperate with new clients and expand our coverage to reach more end-users.

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Focus on innovation and in-depth research of data technology and AI technology

Leveraging on our industry experience and expertise, we intend to continue to deepen our understanding of the development trends of the healthcare industry in the PRC and the business models of different participants in the industry in order to develop our products and technologies. We intend to further apply technologies, including big data technology, AI technology and cloud computing, so as to expand and improve the performance of our products in different business scenarios. We expect to seamlessly integrate the technologies and applications developed for our business partners, and further promote the digital transformation of the healthcare industry in China.

- **Data Insight Solutions.** We intend to develop an insight delivery platform (i.e., a business intelligence platform that helps business gather, understand and visualize their data) to improve the efficiency and security of delivery, and use data technology and AI technology to establish more data models, so that our data insights can cover more business scenarios. Meanwhile, we will also invest more resources in data processing technology, data mining technology, data visualization technology, and develop more big data insight models.
- **SaaS.** We expect to continue to use cloud technology, AI technology and software development technology and upgrade Sinohealth Engine to further enhance the development efficiency of our SaaS applications, and better support large-scale product development.
- **aPaaS for our middleware.** We believe the open architecture of Sinohealth Engine will help us build a robust services model, enabling clients to develop and manage multiple applications with greater flexibility and less complexity. As at the Latest Practicable Date, we had taken initiatives in our aPaaS research and development including woodpecker medical cognition aPaaS and life science solution aPaaS. See “—Research and Development—Recent Initiatives” in this section.

In addition, we plan to leverage our industry knowledge to add more industry data and insights to our products, with a view to creating synergies between our Data Insight Solutions and SaaS to further drive the strategic development of our clients’ businesses. To this end, we expect to develop more SaaS products based on the technologies we apply and develop for our Data Insight Solutions.

Continue to expand our client base and drive sales by leveraging our network effect and synergies among our business segments

We intend to continue to capture business opportunities in digitalization transformation in the healthcare industry and continue to attract and retain clients and to enhance level of client stickiness. According to the iResearch Report, the market size of healthcare insight solution is expected to increase by a CAGR of 39.2% from RMB24.9 billion in 2021 to RMB130.3 billion in 2026, driven by technology developments such as AI and cloud computing. Accordingly, we expect that there will be significant increase in demand for our solutions and products as well as a substantial growth of overall market opportunities. The percentage of insight solutions for medical products and channels in the healthcare insight solution market is expected to increase

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from 32.9% in 2021 to 46.9% in 2026, becoming the largest segment of the entire healthcare insight solution market. As a big data company focusing on insight solutions for medical products and channels, we intend to leverage our current leading position and continue our penetration of this market.

According to the iResearch Report, it is expected that medical product manufacturers will have the strongest payment capabilities for healthcare insight solutions in 2024. Payments made by medical product manufacturers will become a main revenue generator. As a result, medical products and channels insight solution providers with a client base of more medical product manufacturers will become more advantageous. With our leading position in medical product manufacturers coverage, we seek to enhance our capabilities and reputation to expand our client base and target more medical product manufacturers.

Through our direct marketing efforts and cross-selling opportunities, we plan to expand our client base to cover the full range of our business participants, such as to directly serve more medical services providers, medical practitioners, patients and insurance companies. In anticipation of the potential demand from these business participants, we intend to develop and commercialize our solutions and products such as consumer label system, internet hospital, retail SaaS products and in-hospital SaaS products. Our powerful Healthcare Industry Participant Networks allow us to maintain and strengthen our relationships with business participants including among others our existing and potential clients.

Enhance our cooperation with key clients in the healthcare industry through resource integration

With our established market position and industry insights, we have ongoing partnerships with leading companies in the healthcare industry, such as large medical product manufacturers and retail pharmacies. We expect that key clients will grow market share and become our strategic cooperative clients. We will continue to integrate technology, manpower and network resources to enhance our relationships with clients throughout China. We plan to further deepen and broaden our relationship with medical product manufacturers to promote our long-term client relationships.

To this end, we plan to continue leveraging our industry insights to optimize our products to meet evolving clients' needs. We also plan to collaborate with our business partners to provide services to the leading companies in the healthcare industry.

Our focus on our clients' business success is critical to our ability to build long-term relationships with key medical product manufacturers. We believe that delivering measurable business results underpins our strong brand reputation. This expects to help us retain existing clients at a lower cost and enable wider adoption of our Data Insight Solutions and SaaS products, creating a cycle to drive sustainable growth of our business.

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Seek external research and development opportunities leveraging our Big Data & AI Lab

As we further develop our internal research and development capabilities, our Big Data & AI Lab is well-prepared to engage in research and development projects for external clients, leveraging on our technological capabilities as well as our expertise. Our Big Data & AI Lab intends to focus on the application of AI, real-time data processing, big data analytics and predictive modeling. Furthermore, we adopt specific methodologies for the purpose of enhancing our medical and health management research and development as well as introducing new offerings. We actively seek external research and development opportunities using our Big Data & AI Lab whenever we identify suitable projects. We also intend to invest in these projects if they could provide us with a desired rate of return or synergies with our current technologies and offerings.

Seek strategic alliances, investments and acquisition opportunities

We intend to selectively pursue strategic acquisitions, investments and other strategic partnerships that complement our growth strategies, particularly those that will help us diversify our product offerings, enhance our technologies and products and expand our client base. We believe that our industry experience and insight will help us select the right target companies and effectively assess and capture potential business opportunities. For investment businesses, we intend to leverage our resources to facilitate their growth and success, aiming to build sustainable and mutually beneficial relationships with these companies and to jointly promote the intelligence of the healthcare industry in the long run.

Expand the construction of our Healthcare Industry Participant Networks to integrate more industry participants

Our Healthcare Industry Participant Networks are of strategic significance to us, both for product development and product promotion. Going forward, we intend to continue to expand the industry participants covered by our Healthcare Industry Participant Networks, including increasing the number of existing types of participants and expanding new type of participants (such as pharmaceutical research and development institutions, medical service institutions, scientific research services institutions, patient organizations, overseas medical institutions and commercial insurance institutions). We expect that the introduction of new types of industry participants will bring new business needs, make our business model more complete and solid, and drive the development and promotion of our Data Insight Solutions and SaaS products. Leveraging on our technological capabilities, we intend to further improve our Healthcare Link which is expected to become a one-stop integrated platform allowing for online product display, facilitating transactions and interactive data cooperation that are traditionally achieved offline. We intend to promote our upgraded Healthcare Link after it is successfully developed with enhanced functionality and performance, with a view to developing it into an influential online platform in the healthcare industry.

OUR BUSINESS SEGMENTS

We aim to provide scalable, flexible and effective solutions to our clients. Our comprehensive and integrated Data Insight Solutions, Data-driven Publications and Events and SaaS offerings cover the full vertical healthcare industry chain. Our clients may purchase our solutions and products from any business segment in various combinations, depending on their operational needs.

Data Insight Solutions

We have more than ten years of experience in providing Data Insight Solutions to the healthcare industry. As at the Latest Practicable Date, our Data Insight Solutions included Growth and Investment Decision Solutions and Data-driven Marketing Solutions, both of which are empowered by our big data and data analytics capability. Under our Growth and Investment Decision Solutions, we offer tailor-made business growth or investment decision solutions in the form of one-time or periodic customized reports. With our customized reports, we provide our clients with a clear view on the market performance of relevant medical products and channels, and assist them in making their business decisions. Under our Data-driven Marketing Solutions, we engage in the provision of multi-channel marketing solutions mainly used by our clients in promotion of the sales of their products to their end-consumers. Our customized marketing solutions cover customized marketing consultation and campaigns coordination, media content production and training services.

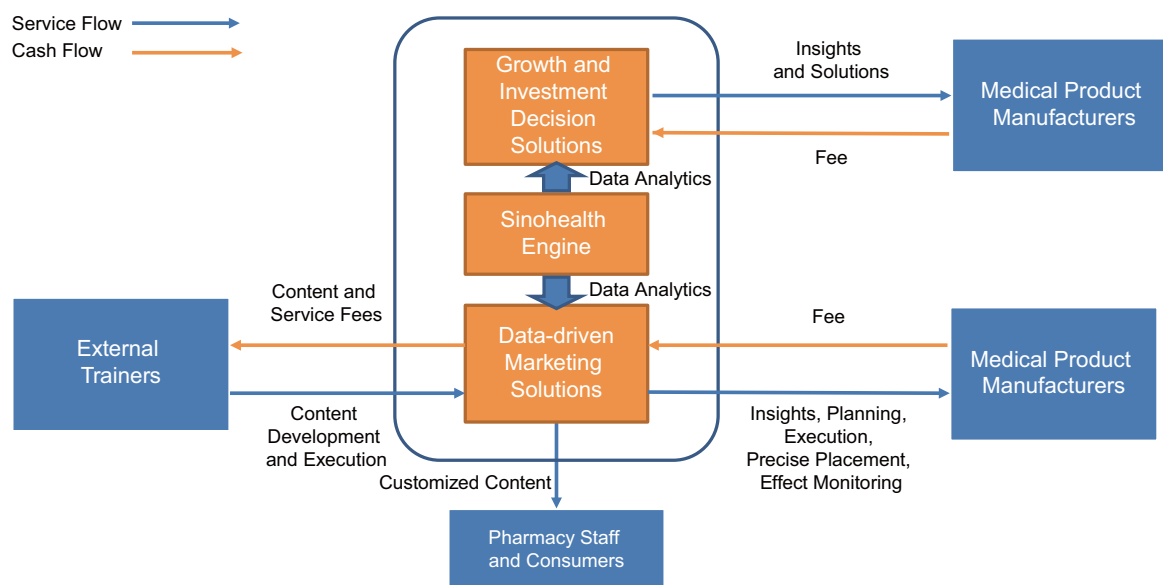
Our Data Insight Solutions primarily target medical product manufacturers, enabling them to form decisions in an effective manner, manage internal resources and achieve their business goals. Based on our big data, understanding and experience in the healthcare industry, our Data Insight Solutions are tailor-made solutions designed to cater for clients' needs for specific combination of data analytics, application scenarios, objectives and preferences. For the years ended 31 December 2019, 2020 and 2021, we had 220, 227 and 257 corporate clients for our Data Insight Solutions, respectively. Our Data Insight Solutions clients are mainly international and domestic manufacturers of medical products such as prescription and OTC drugs, medical equipment and Chinese medicine. Due to the nature of data insight solutions, once our clients benefit from the value of our Data Insight Solutions that help them expand their business scale, they are inclined to become our long-term clients. For the years ended 31 December 2020 and 2021, approximately 50.0% and 56.8% of our corporate clients of Data Insight Solutions were repeat clients.

Our Data Insight Solutions are supported by our data processing and analytics capabilities which are built upon our data models such as our standardization cleansing model, sales estimation model and brand sales model. We primarily apply our standardization cleansing model and sales estimation model for data processing and our brand sales model for data analytics. Specifically, our standardization cleansing model is based on deep learning programs and is used for data cleansing and standardizing of the raw data collected from our partnering pharmacies. Our sales estimation model (or hierarchical weighted amplification model) is designed to serve as a statistical inference method following the data cleansing, which enables us to infer the complete market data from our sample data. Our brand sales model is an analytical model that is used to conduct analysis of the market performance of particular medical brands and/or products, such as product market share analysis, consumer portrait analysis, market segmentation analysis and competition analysis. Through the data analytics based on our brand sales model, we can identify the factors that affect the market pattern and performance of particular medical brands and/or products. We utilize our data visualization system to integrate and present the outputs of our data analytics. Our programs and models are contained in our Sinohealth Engine based on cloud native architecture. See “—Our Technologies and Big Data” in this section.

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As such, our data processing technologies enable us to retrieve data that is aligned with the particular application scenarios, while our data analytics technologies ensure that our data analytics are specific and are closely tied to the business goals of our clients. Based on our data processing and analytics capabilities, our Data Insight Solutions feature detailed and actionable data insights, which are well received in the healthcare industry by top medical product manufacturers.

The following diagram illustrates the business model of our Data Insights Solutions segment:



The following table sets forth a breakdown of our revenue of our Data Insight Solutions by application scenarios for the years indicated.

	For the year ended 31 December					
	2019		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%
Growth and Investment Decision Solutions	50,549	54.5%	66,613	67.7%	115,090	71.3%
Data-driven Marketing Solutions	42,251	45.5%	31,805	32.3%	46,277	28.7%
Total	92,800	100.0%	98,418	100.0%	161,367	100.0%

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The increase in our revenue generated from our Growth and Investment Decision Solutions in 2020 was partially offset by a decrease in our revenue generated from our Data-driven Marketing Solutions due to (i) our strategic focus on digital marketing format and gradual reduction in our use of print advertising, which we had largely phased out by 2019; and (ii) a decrease in demand for our offline marketing campaigns and training services due to the spread of COVID-19 in China during 2020. For the year ended 31 December 2021, the significant increase in revenue generated from our Growth and Investment Decision Solutions was mainly due to increases in the number of clients and their demand for tailor-made business growth or investment decision solutions, which was driven by the recovery of the market from COVID-19 pandemic and our sustained efforts in developing solutions and enhancing data and technology capabilities; while the increase in revenue generated from our Data-driven Marketing Solutions was due to (i) the recovery of demand for our offline marketing campaigns after effects from the COVID-19 pandemic subsided in late 2020 and 2021; and (ii) there was an increase in sales generated from our expanded precision marketing solutions integrated with data-driven marketing consultation, campaign coordination and advertising services for promotion of our clients' products on digital media and other advertising channels. See "Financial Information—Description of Major Components of Our Results of Operations—Revenue—Data Insight Solutions" in this prospectus.

Growth and Investment Decision Solutions

Our Growth and Investment Decision Solutions refer to the tailor-made business growth or investment decision solutions we offer to our clients based on our data insights. We deliver our Growth and Investment Solutions in the form of one-time or periodic customized reports. The content of our reports varies, depending on the demand of our clients. Generally, our reports covers (i) market retail data on particular medical brands and/or products; (ii) data analytics on given scenarios, such as consumer portrait and segmentation, product retail distribution rate, pattern of competition, market share and the corresponding fluctuation of particular medical brands and/or products; and (iii) strategic suggestions for our clients to implement to drive better business or investment results based on our data analytics. For the years ended 31 December 2019, 2020 and 2021, we generated revenue from 217, 244 and 374 contracts with an average recognized amount per contract of approximately RMB233,000, RMB273,000 and RMB308,000, respectively. The increases in the number of contracts that we generated revenue and average recognized amount per contract during the Track Record Period were in line with (i) our efforts in developing insight solutions for new application scenarios; (ii) our expanded network of partnering pharmacies which allow us to collect a variety of retail data in an efficient manner for our data insights; and (iii) our improved data governance efficiency, which in turn attracted more corporate clients and led to our entering into more contracts of higher value with our clients. As at 30 April 2022, we had 96 backlog contracts that had been entered into but not completed with a total outstanding contract value of approximately RMB68.1 million, among which, approximately RMB62.7 million are expected to be recognized as our revenue for the year ending 31 December 2022.

Our Growth and Investment Decision Solutions help medical product manufacturers with identifying market opportunities, market analyses, competition landscape and strategies, branding and product mix management, distribution channel and value chain management and consumer management on the basis of our data insights, marketing theories and experience, with the objective of driving business growth and gaining market shares. Meanwhile, we have recently expanded our Growth and Investment Decision Solutions towards market at DTP pharmacies and e-commerce market in response to the trend of accelerated new drug launches and the development of e-commerce. Compared with the traditional pharmacies, the DTP pharmacies mainly sell prescription medicine including new drugs which require stricter storage standard instead of over-the-counter medicine to patients. Our data insights of the market at DTP pharmacies keep in step with the latest policies on new drugs and pharmaceutical supply chain laid out by the government. For example, the governments promulgated the “dual channel” (雙通道) policy in 2021, which stipulates the inclusion of certain new drugs in the national medical insurance scheme. Such new policy enables the new drugs supplied by the DTP pharmacies to be covered by the national medical insurance scheme, which in turn, improves the circulation of new drugs in the market at DTP pharmacies. In solutions for market at DTP pharmacies, we provide strategies on market access to our clients through an interpretation on the changes in performance of retail channels, market trend and competition pattern during the period between the policy promulgation to the policy implementation. Our data insights of e-commerce market typically cover data analytics in relation to distribution of medical products through online sales channels, based on which, we provide our clients with an understanding on the sales performance, product retail distribution rate, unit price, market pattern and trend for the medical products distributed on e-commerce platforms and strategies relating to the exploration on the distribution channels in e-commerce market. In addition, we also provide solutions for medical product manufacturers that offer innovative drugs or treatments for patients with chronic conditions or long-term ailments. We also provide investment institutions in the healthcare industry with actionable data insights and investment solutions to support investment decision-making. Our investment solutions, among others, (i) for start-up phase businesses, help investment institutions and medical product manufacturers conduct analysis of healthcare industry participants, sales forecasts for prospective business segments and market forecast; and (ii) for expansionary phase businesses, help medical product manufacturers with investor relations, business strategy planning and new product market research through our data-driven analysis of growth drivers, competition, investment value, sales channels, marketing and prospects.

A case study of Growth and Investment Decision Solutions in drugs for throat relief

- **Background.** Brand C is one of the leading brands in the category of throat discomfort that we have been serving for a long time. Through our data insights, we found that the market for medicines used to treat throat symptoms has continued to expand over the past three years. Brand A and Brand B rapidly increased their market shares with sales of the oral liquid throat relief products and squeezed out Brand C’s granules and tablets for the same treatment. We provided the following market diagnostics and solutions to increase market share for Brand C through big data analysis.
- **Solutions sought.** Why Brand C’s market shares decreased and how Brand C can improve.

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- ***Data analytics and recommendations.***
 - Our data analytics showed that the chain pharmacies' inventory of Brand C's granules and tablets recorded a low turnover rate, resulting in a shrinking market share. As a result, we suggested that Brand C provide wholesale price incentives to pharmacies to promote sales.
 - We also noticed that an increasing number of pharmaceutical manufacturers began to supply oral liquid throat relief products to mostly of younger consumers. Therefore, we recommended to Brand C to launch oral liquid products while enhancing sales and marketing of its existing product offerings through new media and social platforms more influential to younger consumers, in order to increase sales volume.
- ***Action and improvement.***
 - Based on our recommendation, Brand C adjusted the packaging wholesale prices of its granules and tablets.
 - Brand C initiated cooperation with a throat syrup manufacturer and promoted its throat syrup. Further, Brand C sponsored a reality TV show and promoted its brand among younger consumers which helped Brand C quickly gain market shares.

Data-driven Marketing Solutions

Our Data-driven Marketing Solutions offer customized marketing consultation and campaigns coordination, media content production and training services. Our Data-driven Marketing Solutions mainly aim to help medical product manufacturers with promotion of their products and to connect with the potential retail pharmacies and end-consumers using our Media Channels and other forms of digital communication as well as offline campaigns. We coordinate online marketing campaigns including but not limited to video advertising, live streaming, social media publicity, for our clients to effectively reach the target audience, while we engage online channels such as our Media Channels to publicize offline marketing campaigns and turn online interaction into offline actions. For the years ended 31 December 2019, 2020 and 2021, we generated revenue from 275, 244 and 228 contracts with an average recognized amount per contract of approximately RMB154,000, RMB130,000 and RMB203,000, respectively. The fluctuation in the number of contracts and the average revenue recognized per contract for the year ended 31 December 2021 was mainly because we had been strategically focusing on projects of higher value and continuing the reduction of our print advertising agency services and placement. As at 30 April 2022, we had 90 backlog contracts that had been entered into but not completed with a total outstanding contract value of approximately RMB32.3 million, among which, approximately RMB24.2 million which are expected to be recognized as our revenue for the year ending 31 December 2022.

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Our Data-driven Marketing Solutions are supported by our data analytics, which is one of our core values to our clients. With our data insights, we are able to (i) gain a better clarity about the potential of medicine distribution channel; (ii) obtain comprehensive knowledge about the market value and pattern of our clients' products and brands; and (iii) understand the shortcomings of our clients' medicine distribution, so as to identify the approach for promotion that is most suitable for each client.

- **Precision marketing.** Our precision marketing refers to our customized marketing consultation and marketing campaigns coordination, mainly covering physical and online events launched through pharmacy stores, as well as advertising through digital media and other advertising channels, during the Track Record Period. Before launching marketing campaigns, we utilize our big data processing and analytics capability to (i) analyze the demand, preference and behavior of target end-consumers and categorize them into groups by target genders, ages, regions and interests; (ii) identify the target pharmacies and a specialty group of their stores based on the profile of their historical in-store consumers, or the target digital media or other advertising channels based on the profile of their audience; and (iii) analyze the historical data showing the effectiveness of our clients' previous marketing campaigns. Such analyses help our clients to identify more suitable marketing channels and formulate more effective marketing plans for our clients to achieve their ultimate goal of increasing sales and market share. For the coordination of physical and online events launched through pharmacy stores, we, among other things, assist our clients in liaising with the target pharmacies, briefing them on the relevant beneficial effect based on our analysis of the market potential and competitiveness of our clients' products. We also engage online platforms of the pharmacies including the online official account connected with the SIC to publicize these marketing campaigns to the end-consumers. For the provision of our advertising services, we, among other things, liaise with and engage third party advertising agencies or platforms to place advertisements or commercials through the designated digital media or other advertising channels.
- **Media content.** Our comprehensive marketing capability includes our production of mixed media content such as publicity materials, training videos and advertising commercials, covering texts, images and videos. We design and prepare media content for our clients to release through our Media Channels or other third party platforms targeting retail pharmacies or end-consumers. In promotion of our clients' products to retail pharmacies, our media content may include an interpretation of the market potential of our clients' products, which are produced based on our big data and data analytics on the market and competition pattern. We carefully design the media content, in particular, the advertising elements, in terms of content and style pursuant to the relevant laws and regulations in the PRC. All of the information about the product contained in the advertisements are provided by our clients, based on which, we design and prepare the media content. We believe our media content capability complements our precision marketing capability to offer our clients with full-spectrum marketing solutions.

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- **Training.** We arrange on-demand onsite training and online training courses for medical product manufacturers to educate in-store staff of pharmacies on their products' characteristics and the corresponding sales strategies so as to enhance the sales and marketing skills of the in-store pharmacy staff in selling such products, by leveraging on our understanding of the sales scenarios in retail pharmacy stores and the demand of the in-store staff. We use our big data analytics to assist in determining the target pharmacy stores that satisfy the medicine distribution demand of our clients. We have three in-house full-time training specialists who are licensed pharmacist, medical practitioner and medicine degree holder, respectively. We engage part-time trainers from time to time depending on the training services requests received from our clients. Generally, our clients are responsible for arranging venues such as conference rooms in a hotel or in their headquarters, and liaising with attendees for our onsite trainings. Our onsite training is usually supplemented by our online training courses and online resources via our Media Channels through a leading online video platform in the PRC or online platform of our clients. During the Track Record Period, we recorded and published more than 500 training videos under Data-driven Marketing Solutions, mainly covering healthcare and medicine education, sales and marketing skills. As we conduct the online trainings either via our Media Channels through a leading online video platform in the PRC or via online platform of our clients, we are not required to hold Radio and Television Program Production and Operation Permit (廣播電視節目製作經營許可證), ICP License or IDC License for such trainings.

A case study of Data-driven Marketing Solutions for a pharmaceutical company

- **Background.** Pharmaceutical company X is an established brand in China who manufactures a comprehensive range of drugs. Drugs for varicose veins and chronic venous insufficiency dropped in sales since the end of 2018. We utilized our data analytics to identify sales trends and regions in demand, and provided the following marketing solutions to increase sales in drugs for varicose veins and chronic venous insufficiency.
- **Solutions sought.** Formulate marketing strategies and marketing contents for pharmaceutical company X and its retail pharmacy clients to expand demographic segment of drugs for varicose veins and chronic venous insufficiency.
- **Data analytics.**
 - o Our data analytics showed there were high demands for drugs for varicose veins and chronic venous insufficiency in various regions including Jiangsu, Henan, and Shandong. We identified 211 retail pharmacies who did not offer drugs for varicose veins and chronic venous inefficiency.
 - o We also noticed there were significant potentials in the working group aged 20-50, who may suffer from veins disorders in the legs or poor circulation in the feet, as a result of sitting or standing in the workplace for a long period of time.

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- **Marketing solution offered.**
 - o We introduced pharmaceutical company X's drugs for varicose veins and chronic venous insufficiency to those 211 retail pharmacy clients who did not previously offer this product category.
 - o We arranged trainings whereby staff of the retail pharmacies were educated by pharmaceutical company X to boost their product knowledge, general knowledge in vascular health and marketing skills.
 - o Media contents were produced and displayed within 3 kilometers of the retail pharmacies. Articles in relation to varicose veins disease were also published on the online media platform.
 - o We launched three marketing campaigns to promote awareness in vascular diseases, including workplace awareness month for younger working generation, women's health awareness month and teacher's health awareness month. We invited specialists to host online streaming sessions to discuss common cause, remedies and prevention of varicose veins, organized health consultation sessions and organized physio sessions to end-consumers in selected pharmacy stores. The marketing events were also broadcasted on the online media platforms.

Operation Process

Our Data Insight Solutions are generally customized in addition to certain basic features of common interest. Major steps involved in the provision of our Data Insight Solutions include the following:

- **Initial inquiries.** Upon the receipt of requests from potential clients, we liaise with the potential client to ascertain and understand their requirements.
- **Internal discussion and confirmation of preliminary proposal.** After considering the needs of our clients, we discuss internally regarding our data analytics and our solution proposals.
- **Response to clients.** We provide potential clients with preliminary proposals with further discussion on improvements and adjustments.
- **Engagement contracts signed.** Upon acceptance of our preliminary proposals and fees by potential clients, we prepare our contracts for signing.
- **Delivery of solutions and follow-up actions.** We deliver our one-time or recurring reports of data insights or marketing solutions. We may also follow up with clients on their satisfaction with our Data Insight Solutions and any further potential services which they may request.

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Pricing and Discount

We generally offer project-based and term-based pricing arrangements to our Data Insight Solutions clients. We price our Data Insight Solutions based on a number of factors, which include the scope of our services, the scale of our data insights covered (e.g., geographical scales, market segments and channel of distributions), the cost associated with the requested services, the value of our Data Insight Solutions to our clients and the contractual period. As our Data Insight Solutions are mostly customized, our fees charged to our clients vary over a wide range.

During the Track Record Period, our fees charged for Data Insight Solutions generally ranged from approximately RMB100,000 to RMB1 million per project and may exceed a few million RMB depending on our scope of work and complexity. For instance, a data insight report containing data analysis in terms of medicine's retail metrics (e.g., unit price, sale volume) is at the low end of our fee range, while the one containing data analysis in terms of consumer portrait and market competition that requires more in-depth extraction of a large volume of underlying data is at the high end of our fee range. During the Track Record Period, our price of each periodic report relating to medicine's retail metrics for one product category generally ranged from RMB4,500 (i.e. for monthly report covering citywide data analysis) to RMB15,000 (i.e. for yearly report covering nationwide data analysis), while our clients typically require multiple product categories or cities to be covered in the report. Similarly, the marketing solution of advertisement placement on our Media Channels is at the low end of our fee range while the coordination of a large-scale marketing campaign involving larger amount of manpower and resources is at the high end of our fee range. We typically negotiate our fees with our clients on a case-by-case basis. We may consider offering discounts to our Data Insight Solutions clients if (i) they are repeat clients; or (ii) they purchase other solutions and/or products from us.

Contracts with our clients under Growth and Investment Decision Solutions usually contain multiple deliverables (for example, including provision of monthly reports, quarterly reports and annual reports in one contract), each of which is at a standalone selling price. We recognize revenue at the point of time when the individual deliverable is delivered and accepted by the clients. Similarly, contracts under Data-driven Marketing Solutions may include the provision of multiple solutions (for example, including provision of marketing consultation, training services, advertising services and marketing campaigns in one contract), each of which is at a standalone selling price. We recognize revenue from each individual marketing solution over time, based on the progress towards complete satisfaction of the services as specified in the contract. See "Financial Information—Significant Accounting Policies—Revenue Recognition—Revenue from contracts with clients—(a) Data Insight Solutions" in this prospectus.

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Key terms of arrangements with our Data Insight Solutions clients

Our Data Insight Solutions may be offered as a stand-alone option or through a bundled package together with our other solutions and products. Therefore, we manage our contracts by project or by client, rather than merely by a single offering. A summary of the key terms of our arrangements with our clients for Data Insight Solutions are set forth below:

- ***Scope of services.*** We specify the scope of data insights or services in details, such as medicine categories (e.g., oral analgesics, anti-inflammatories, hypolipidemic agents and anti-hypertensive drugs), number of targeted markets, geographical locations, sales performance indicators (e.g., sales revenue, volume and market share), brands, medical product manufacturers, competitive landscape and market drivers. The actual scope services varies depending on the specific solutions required by our clients.
- ***Payment and credit term.*** Payments of our fees are typically made by installment. We may require prepayments from clients upon signing our contracts. We may amend and/or adjust our Data Insight Solutions within a prescribed period of time in the event that our deliverables are not in conformity with contractual specifications. We speak with clients to resolve any disagreements during the course of our performing the contracts. We usually grant credit terms to our clients. See “—Our Clients” in this section.
- ***Intellectual property rights.*** Unless otherwise agreed and prescribed under the contracts, we own the intellectual property rights of our Data Insight Solutions and our clients have the right to use our data insights and recommended solutions.
- ***Representations and warranties.*** We may make representations and warranties in our contracts if required by certain clients. Such representations and warranties generally include (i) our Data Insight Solutions are not subject to title defects, restrictions or claims of infringements, either of intellectual property rights, trade secrets or privacy, of any third-party; (ii) our data insights are true, complete and accurate. For our measures in data quality control, see “—Our Technologies and Big Data—Big Data—Data Governance” in this section; (iii) our performance of the contracts will not be found in violation of the relevant PRC laws and regulations or in breach of our agreements with any third-party; (iv) we are required to comply with relevant anti-corruption laws and regulations as well as codes of conduct; and (v) our use of clients’ company names, brand names, trademarks and logos is limited to the purposes of the contracts only. Pursuant to the relevant contracts, we are liable for breach of these representations and warranties. Our Directors confirm that we had not breached any of the representations and warranties under our contracts during the Track Record Period and up to the Latest Practicable Date.
- ***Confidentiality.*** Both we and our clients are bound by confidentiality obligations not to disclose confidential information obtained during the course of performing contracts. Such confidential information may include data, graphics, raw materials, the existence of our contracts and the contract terms thereunder and any other information that is confidential in nature.

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- **Term and termination.** The terms of contracts will vary depending on the projects and/or the term we are engaged to monitor the market and provide the relevant data insights. We enter into project-based contracts and term-based contracts for our Growth and Investments Decision Solutions, while we generally enter into project-based contracts for our Data-driven Marketing Solutions. We offer one-time solutions pursuant to the project-based contracts and offer periodic solutions pursuant to the term-based contracts. During the Track Record Period, our project-based contracts generally had a term of approximately two days to one year, while our term-based contracts generally lasted for approximately one year to three years. Our contracts with Data Insight Solutions clients may be subject to early termination under the following circumstances: (i) by mutual agreement; (ii) by our clients upon serving a prior written notice; (iii) by our clients in the event of our breach of contracts or failure to perform that is not remedied within a prescribed time-period; (iv) in the event of winding up, liquidation, bankruptcy and insolvency of either party; and (v) by our clients in the event of our breaching the warranties and representations.

Data-driven Publications and Events

We provide a combination of publications, precision connections and exhibitions through our Industry Events. Our Industry Events aim at promoting our own solutions and products and assisting our clients, mainly medical product manufacturers, in promoting their brand value and products and connecting with other industry participants. We also provide our clients with data insights on the latest market pattern, emerging trends and potential business opportunities through the delivery of speeches, reports and presentations during the Industry Events. For the years ended 31 December 2019, 2020 and 2021, we had hosted 36, 86 and 58 events respectively for our Data-driven Publications and Events. For the same periods, we generated revenue from 412, 487 and 746 contracts with an average recognized amount per contract of approximately RMB195,000, RMB199,000 and RMB180,000, respectively. The decrease in the average revenue recognized per contract for the year ended 31 December 2021 was due to our entering of more contracts of relatively lower value (i.e. purchase of event tickets) of our events for the year ended 31 December 2021.

Our Data-driven Publications and Events are an integral part of our business operation. Our Data-driven Publications and Events clients are mainly medical product manufacturers, pharmacies and investment institutions. For the years ended 31 December 2019, 2020 and 2021, we had 311, 328 and 429 corporate clients for our Data-driven Publications and Events, respectively. Our Industry Events are our channels to deliver our Data-driven Publications and Events, through which, we mainly generate revenue by offering sponsorship opportunities, promotional campaigns and road show coordination and exhibition booth arrangement through the provision of our publications, precision connection activities and exhibitions. For the years ended 31 December 2019, 2020 and 2021, revenue generated from our Data-driven Publications and Events was approximately RMB80.5 million, RMB96.7 million and RMB134.6 million, accounting for approximately 45.3%, 47.8% and 41.5% of our total revenue for the same periods, respectively.

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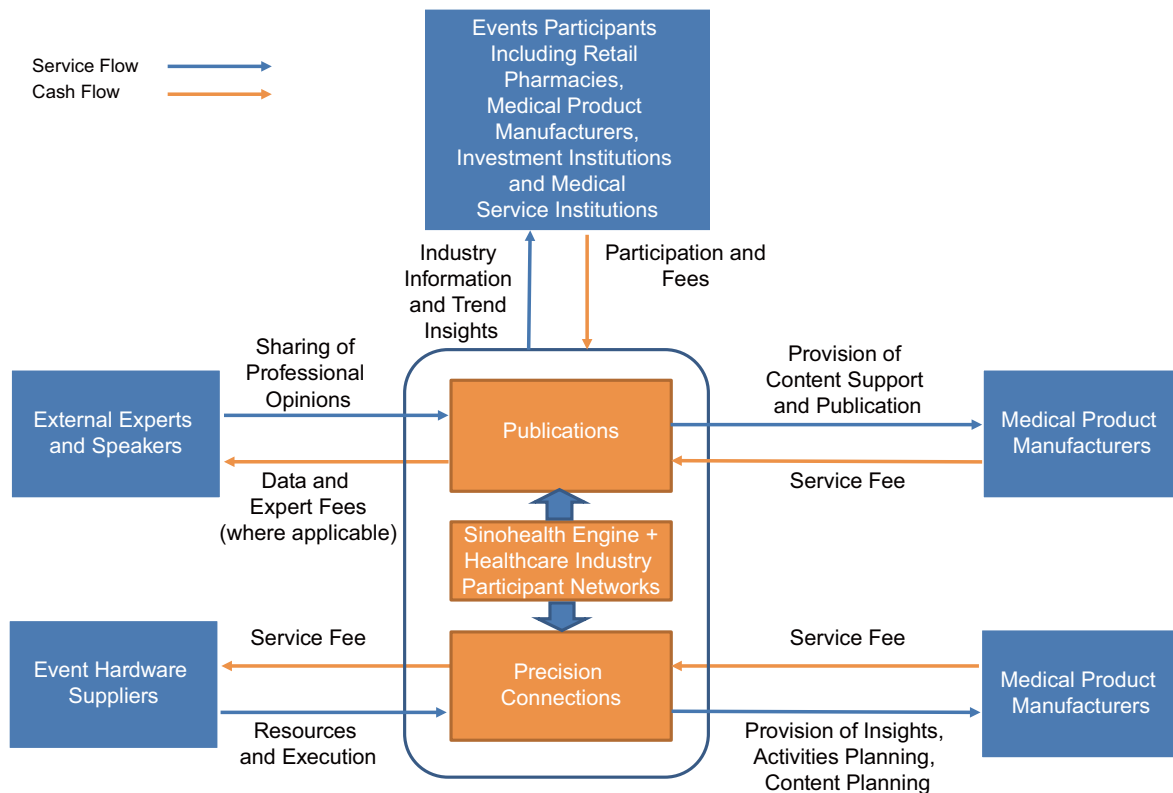
We operate Industry Events mainly for the purpose of offering clients with an integrated solutions of healthcare industry specific data insights as well as connection and marketing opportunities, including:

- **Publications.** Our publications delivered during each Industry Event mainly refer to (i) speeches delivered by our internal and external speakers; (ii) the reports with data insights tailored to the theme of our events; and (iii) the customized reports and presentation to be delivered by our clients to their potential business partners and investors in the promotion of their brands. Our reports for each event are prepared based on our understandings of market demand upon our self-initiated research and data analytics. Examples of our data insight reports published through our events include (i) “Healthcare Industry Policy Interpretation and Future Trend Research”; (ii) “China Medical and Pharmaceutical Industry Omni-channel Market Data Publication”; (iii) “Report on Healthcare Big Data and AI”; (iv) “Report on Development of Novel Drugs in China”; and (v) “China Retail Industry Real-world Research”. Speeches given by our internal speakers contain healthcare market information gained from our data analytics such as the market trend under the development of technologies, investment opportunities driven by the market and the effectiveness of digital solutions on retail performance, while our customized reports and presentation prepared for our clients’ brand promotion are based on our data analytics on our clients’ competitiveness and market potential.
- **Precision connections.** Our precision connections refer to (i) brand promotion campaigns and roadshows we coordinate for our clients in the form of forum, summit, panel discussion or banquets, which are targeted to their potential business partners and investors, respectively; and (ii) on-demand one-on-one business meetings we organize for our event attendees who mutually have potential business cooperation willingness. By leveraging our data analytics based on the participants’ profile labels through Healthcare Link as described below, we provide our clients with unique opportunities to network with healthcare industry participants who match their business demand during the precision connection activities.
- **Exhibition.** Our events offer exhibitions such as exhibition booths, and exhibition boards/banners which allow brand promotion of our clients. There are a number of booths and billboards in our event venue to allow medical product manufacturers to attract pharmacies and facilitate transactions through product display and face-to-face communication. In 2021, there were approximately 93, 117 and 24 exhibitors, including medical product manufacturers, retail pharmacies or other industry participants, for our Industry Prospect Event, Merchandise Trading Event and Retail Sales Event, respectively.

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Technologies applied to process our big data and conduct data analytics of our Data-driven Publications and Events are similar to those of our Data Insight Solutions. See “—Our Business Segments—Data Insight Solutions” in this section. We have also developed Healthcare Link, an event management system, to facilitate our event management. Healthcare Link consists of (i) a mini-program for public to register for our events and to check the introduction, agenda and guide of each event, as well as to notify our attendees of events’ schedule and arrangement; and (ii) a corresponding back-end control panel for us to review and approve the attendees’ registration, to manage our attendees and the content published through the mini-program, and to monitor the data generated from it. Through our Healthcare Link, we are able to keep track of our attendees’ registration status and select the attendees for each of our precision connection activities based on the analytics of their profile (i.e. the company background, position and event attendance frequency), so as to precisely match the purpose of each event with the background of target attendees. Therefore, the data from Healthcare Link is an important source for our precision connection services during the course of operation of our Industry Events.

The following diagram illustrates the business model of our Data-driven Publications and Events segment:



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The pictures below demonstrate our publication, precision connection activity and exhibition, respectively.



Exhibition



Precision connection activity



Publication

Our Industry Events mainly consist of the Industry Prospect Events, Merchandise Trading Events and Retail Sales Events. See “—Healthcare Industry Participant Networks—Industry Events” in this section. We primarily rely on our data insights to determine themes of our Industry Events. Through our data analytics, we examine the market situation, identify the demand of target event attendees and formulate themes that would resonate with the target attendees. The following table summarizes the key information of our primary Industry Events for the years indicated.

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Event	Duration	Year	Title	Theme	Target attendees
Industry Prospect Event	Five days	2019	Reborn and Future (浴火重生 — 證道產業未來)	The transition of medical product manufacturers in response to falling drug prices resulted from centralized procurement of drugs by the state	medical product manufacturers, major retail pharmacies, medical service institutions, investment institutions, insurance companies and other industry participants
		2020	Sun chaser — Persistence (逐日毅行者)	Measures to be taken by medical product manufacturers to address slow annual sales growth	
		2021	Efficiency revolution — to build a full and balanced new health industry (效率革命 — 締造一個充分且均衡的新健康產業)	Establishing a fair healthcare industry by enhancing drug coverage and affordability following the healthcare reform	
Merchandise Trading Event . . .	Five days	2019	Sharing Survival — Soaring of county and regional markets (共享式生存 • 縣城狂瀾)	Acquiring and sharing resources among regional and county-level pharmacies	medical product manufacturers, regional and local retail
		2020	Optimize supply chain, enable new supply (優化供業鏈，實現新供給)	Optimization of medical products supply chain and structure	pharmacies, logistic companies and other supply chain participants
		2021	Commodity restructuring to revitalize market conditions (商品重構，激活市場下況)	Catering needs of the regional and local markets from a product perspective	
Retail Sales Event . . .	Three days	2019	Bright Sword Value Mobility — Break away from the market nightmare of decline in footfall (亮劍價值動銷 — 掙脫客流下滑的夢魘) Grab The Opportunities 2020. Those Who Gather Consumers Win! — Win the battle of urban pharmacy consumer flow management (搶灘2020 • 聚客者勝！— 贏戰城市藥店客流管理)	Designing dynamic sales activities based on actual consumer needs	retail pharmacies, marketers, major online platforms for healthcare industry, leading digital marketing providers and other participants engaging in sales and marketing
		2020	Retain clients (抓住顧客)	Client retention strategies	
		2021	Competing for clients (爭奪顧客)	Client development strategies	

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Our Attendee Network

We have recorded a large number of attendees to our Industry Events. Our proven track record has attracted existing and new clients as well as other healthcare industry participants to regularly participate in our Industry Events. Our event attendees usually consist of (i) employees, business partners and guests of our clients; (ii) industry experts and speakers invited by us; and (iii) media representatives invited by us. The following table sets forth the number of core attendees participating in our Industry Prospect Event, Merchandise Trading Event and Retail Sales Event, excluding those who opt not to officially register their check-in with us.

Year	Approximate number of core attendees of		
	Industry Prospect Event	Merchandise Trading Event	Retail Sales Event
2019	2,400	1,900	1,400
2020	2,500	1,700	800 ⁽²⁾
2021	3,100	3,500 ⁽¹⁾	1,100 ⁽³⁾

Notes:

- (1) The number of our core attendees participating in Merchandise Trading Event increased significantly in 2021 due to our strategic adjustment on the event positioning to engage more small scale retail pharmacies as attendees. See “—Healthcare Industry Participant Networks—Industry Events” in this section.
- (2) The number of our core attendees participating in our Retail Sales Event decreased because we canceled a semi-annual Retail Sales Event which was originally scheduled to be held in the first half of 2020 due to the outbreak of COVID-19.
- (3) Our Retail Sales Event was usually held twice a year before 2021 and it has been scheduled to be held annually since 2021. It is mainly due to our strategies of streamlining the resources and enhancing the event scale. See “—Healthcare Industry Participant Networks—Industry Events” in this section.

Through our successful events continuously and consistently hosted for more than 13 years, we have established long-term and stable relationships with market stakeholders most of whom are also our business participants. As at the Latest Practicable Date, our extensive network covers medical product manufacturers, pharmacies, medical service institutions, medical practitioners, insurance companies, government agencies and academic institutions. Leveraging on our data insights, marketing capability and reputation, we believe that our well-established network will continue to grow. Combined with our high quality and comprehensive offerings, our attendee network provides us with strong competitiveness in the industry.

Speakers

Our speakers consist of (i) our internal speakers; (ii) external speakers we mainly engage through third party agents with fees; (iii) the representatives of our clients that pay us for the airtime; and (iv) other external speakers we engaged without payment of any fees. For the years ended 31 December 2019, 2020 and 2021, we engaged a total of 514, 546 and 542 speakers for our Industry Prospect Event, Merchandise Trading Event and Retail Sales Event, among which, 471, 505 and 496 were external speakers, respectively.

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The following table sets forth the details of the external speakers for our respective Industry Events during the Track Record Period.

	The number of speakers			Background of the speakers	Purpose of speeches
	For the year ended 31 December				
	2019	2020	2021		
External speakers we mainly engaged through third party agents with fees					
Industry Prospect Event	4	1	5	People who had high recognition and expertise in economy trend analysis, healthcare, fiscal policies or marketing including former senior management of well-known multinational corporations, famous news or economics commentator, experienced marketing consultants, and experts working with top-tier academic institutions	Knowledge and experience sharing
Merchandise Trading Event	1	1	2		
Retail Sales Event	2	0	4		
Speakers who are representatives of our clients that paid us for the airtime					
Industry Prospect Event	35	48	60	Senior management or executives of our clients engaged in medical product manufacture, biotechnology or media	Primarily for promotion and enhancement of their brand and/or product awareness
Merchandise Trading Event	23	21	37		
Retail Sales Event	13	12	15		

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	The number of speakers				
	For the year ended 31 December				
	2019	2020	2021		
Other external speakers we engaged without any fees					
Industry Prospect Event	241	274	219	Senior management of retail pharmacies, executives of investment institutions, mainstream media platforms, consulting firms or technology companies, experts from academic institutions or government agencies, and medical practitioners, who had expertise in marketing, AI and data application in healthcare, policy implementation, medical services or capital markets	Primarily for knowledge and experience sharing as well as establishment of connection with event attendees
Merchandise Trading Event	86	78	69		
Retail Sales Event	66	70	85		

We mainly entered into agreements with third party agents for the arrangement of paid speakers who are well-known in certain fields. Pursuant to the agreements, the third party agents were responsible for liaising with and engaging the designated speakers to deliver requested speeches during the events while we are responsible for the fees. During the Track Record Period, our fees paid for the engagement of each external speaker ranged from approximately RMB6,000 to RMB275,000, with an average amount of approximately RMB148,000, RMB44,000 and RMB29,000 for our Industry Prospect Event, Merchandise Trading Event and Retail Sales Event, respectively, depending on their title, reputation, recognition, and the nature and scale of our events. Paid speakers for our Industry Prospect Event are mainly professionals of nationwide reputation and influence in the field of economics, which cost us a relatively higher average fee for each of these speakers than that of Merchandise Trading Event and Retail Sales Event during the Track Record Period.

Operation Process

We are responsible for planning, organizing and implementing our events. We are also responsible for the overall decorative design of the event venue and exhibition. The steps of our event planning, organizing and implementation are summarized below:

- **Theme selection.** Based on our data insights on the industry development, we select event themes and topics which address market interest and then prepare our event proposals.

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- **Event invitations and marketing.** We send our event invitations to potential clients, industry experts and media representatives based on our event proposals. We also market our events via our website, our proprietary Media Channels and through our other direct marketing efforts.
- **Engagement contract signed.** Upon our potential clients' acceptance of our event invitations and confirmation of elective sponsorship options as well as other services such as exhibition booth arrangement, promotion campaign and roadshow coordination, we prepare contracts for signing.
- **Venue selection and setting up.** We usually book event venues, transportations and catering through direct orders or through third-party agencies. We may also engage third-party professional event services providers and outsource setting up to them.
- **Engaging speakers.** Based on the themes, we confirm and invite our desired external speakers to our events. We select our speakers based on their engagement in the industry and recognition in the market. We normally invite speakers who work with well-known enterprises or national academic institutions.
- **Confirmation of agenda and notifications to participants.** Prior to the commencement of events, we confirm the agenda and notify all participants.
- **Onsite implementation.** We assign employees to oversee the entire event onsite implementation and to coordinate with clients, speakers and other attendees.

Fee Model

We charge our Data-driven Publications and Events clients a lump sum contract fee which is determined with reference to (i) services items; (ii) the cost associated with the requested services. See “Financial Information—Description of Major Components of Our Results of Operations—Cost of Sales” in this prospectus; and (iii) our historical price range and overall market conditions. Since we offer a full suite of services items to our clients for selection including but not limited to sponsorship, precision connection coordination, exhibition booth arrangement and admission tickets, our fee charged to our clients vary in a wide range. In particular, we typically offer the services at a package price generally ranged from approximately RMB200,000 to RMB5,000,000, taking into account the scale, influence and length of airtime as well as the size, facility and the location of the exhibition booth. We offer separate exhibition booth arrangement at a fee generally ranged from approximately RMB100,000 to RMB1,000,000. We also, to a lesser extent, offer event ticket package with a fee ranged from approximately RMB5,000 to RMB20,000 per person, depending on the nature of the events. Our event ticket package generally includes the access to the event, a set of event booklets and our data insight report tailored to the event, as well as standard meals and accommodation for the event. During the Track Record Period, our fees charged for Data-driven Publications and Events generally ranged from a few thousands to several millions RMB per contract depending on our clients' selection of the services.

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The following table sets forth the respective revenue attributable to our Group by type of our offerings for Data-driven Publications and Events during the Track Record Period.

	For the year ended 31 December								
	2019			2020			2021		
	Revenue	Percentage	Average revenue recognized per contract	Revenue	Percentage	Average revenue recognized per contract	Revenue	Percentage	Average revenue recognized per contract
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>
Purchase of our services at a package price ⁽¹⁾ . . .	48,536	60.3	500	64,212	66.4	526	90,654	67.3	648
Separate purchase of exhibition booth arrangement	27,486	34.1	184	27,948	28.9	171	38,076	28.3	173
Separate purchase of our event tickets ⁽²⁾⁽³⁾	4,484	5.6	20	4,518	4.7	22	5,884	4.4	15
Total	80,506	100	–	96,678	100	–	134,613	100	–

Notes:

- (1) The service items include a combination of sponsorship, precision connection coordination, exhibition booth arrangement and admission tickets for selection.
- (2) The event tickets mainly refer to our event ticket packages, and to a lesser extent, include passes for accessing certain activities during the events.
- (3) Relevant contracts may contain the purchase of multiple number of event ticket packages or activity passes.

Contracts with our clients under Data-driven Publications and Events generally contain multiple services. We recognize the revenue on a straight-line basis over the time of our events. See “Financial Information—Significant Accounting Policies—Revenue Recognition—Revenue from contracts with clients—(b) Data-driven Publications and Events” in this prospectus.

Key terms of arrangements with Data-driven Publications and Events clients

Key terms of our Data-driven Publications and Events contracts are summarized below:

- **Services item.** We specify the services items in details, such as themed banquet and other precision connection activities, exhibition booths as well as other elective services items such as sponsorship, in the contracts.
- **Payment arrangement.** The contract fee is specified as a “lump sum” fee. Payments of our fees may be made by one-off payments or installments.
- **Intellectual property rights.** Our clients own the intellectual property rights to any materials provided to us for the purpose of performing the contracts.

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- **Confidentiality.** Both we and our clients are bound by confidentiality obligations not to disclose confidential information obtained during the course of performing our contracts. Such confidential information may include data, graphics, raw materials, the contract terms and any other information that is confidential in nature.
- **Term.** During the Track Record Period, we generally entered into the contracts within six months prior to the commencement of the events.

SaaS

Leveraging on our big data, technologies and well-established presence in the healthcare industry over the years, we develop our SaaS products to provide our clients with user-friendly software embedded with functionalities such as data insights on medical products, consumer portrait, retail market and the industry, store and retail management tools, health and disease management tool and clinic management tool. For the years ended 31 December 2019, 2020 and 2021, we had 226, 283 and 432 corporate clients for our SaaS products, respectively. For the years ended 31 December 2019, 2020 and 2021, revenue generated from our SaaS was approximately RMB4.4 million, RMB7.0 million and RMB28.2 million, representing approximately 2.5%, 3.5% and 8.7% of our total revenue for the same periods, respectively. For the years ended 31 December 2019, 2020 and 2021, we generated revenue from 599, 656 and 876 contracts with an average recognized amount per contract of approximately RMB7,000, RMB11,000 and RMB32,000, respectively. The increase in the average revenue recognized per contract for the year ended 31 December 2021 was mainly because we gradually entered into contracts of higher value with our clients for Smart Decision Cloud, particularly LinkedSee, since its launch in June 2020. As at 30 April 2022, we had 163 backlog contracts that had been entered into but not completed for our SaaS products with a total outstanding contract value of approximately RMB14.1 million, among which, approximately RMB13.3 million are expected to be recognized as our revenue for the year ending 31 December 2022.

Compared with our Data Insight Solutions which are typically customized, our SaaS products are standardized and designed, developed and arranged based on our deep understanding of clients' common demands and concerns. Our SaaS products enable our clients to rapidly digitalize their business operations. Through our SaaS products, our clients have a steady and regular access to our latest and ready-to-use data insights as well as built-in functionalities that are added-in to serve different application scenarios.

By application scenarios and targeted clients, our SaaS product categories include (i) Smart Decision Cloud; (ii) Smart Retail Cloud; (iii) Smart Health Management Cloud; and (iv) Smart Medical Cloud. The development of our SaaS products relies on our big data capability and our modularized technologies contained in Sinohealth Engine. See “—Our Technologies and Big Data—Our Technologies” in this section for the application of our technologies towards each SaaS product category.

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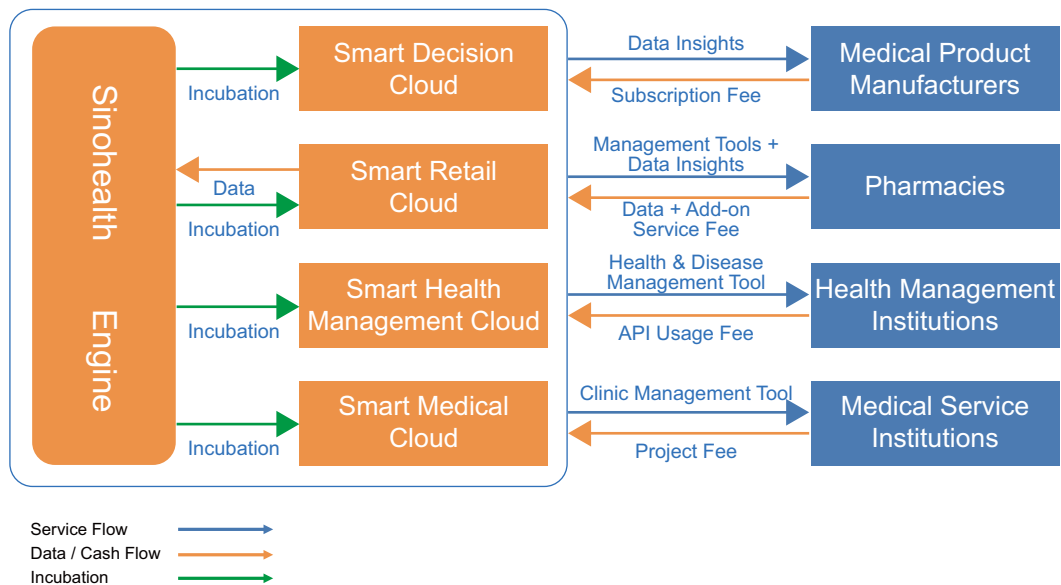
The following table sets forth the major products and main functions, application scenarios and targeted clients of each of our SaaS product categories.

SaaS	Major products and main function	Application scenario	Target client
Smart Decision Cloud	<ul style="list-style-type: none"> i. CHIS — provision of data insights mainly based on drug information analytics ii. LinkedSee — provision of data insights mainly based on consumer portrait analytics iii. Pharmacy Connect — provision of data insights mainly based on pharmacy information analytics 	<ul style="list-style-type: none"> • Drug related information search and competitive product analysis • Market information generation on the latest drug retail performance • Information search on pharmacy stores' number, market potential, geographical location and layout 	Medical product manufacturers, medical research institutions, suppliers of raw materials of medical products
Smart Retail Cloud	<ul style="list-style-type: none"> i. SIC — store and retail management tool 	Membership management (such as membership registration tracking, member loyalty identification and purchasing behaviour monitor), store management (including pharmacy staff management and in-store sales performance and inventory assessment), data insight acquisition regarding market condition and opportunities, and pharmacy staff training with trackable progress and effectiveness	Pharmacies
Smart Health Management Cloud	<ul style="list-style-type: none"> i. AI-MDT — health and disease management tool 	Intelligent disease screening and prevention, sub-health intervention and chronic disease management with reference to the health metrics and lifestyle of individuals	Physical examination institutions and medical service institutions

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SaaS	Major products and main function	Application scenario	Target client
Smart Medical Cloud	i. Woodpecker Clinic — clinic management tool (limited to certain developed modules)	Digitalization of medical consultation and treatment processes, covering online medical appointments, out-patient consultation, hospitalization, diagnosis, medical treatments, prescription and dispensing, follow-up consultations and medical product logistics	Medical service institutions and public health agencies

The following diagram illustrates the business model of our SaaS segment:



The following table sets forth a breakdown of our revenue of our SaaS by product category for the years indicated. Our revenue generated from SaaS increased during the Track Record Period, primarily due to our continuous efforts in improving and promoting our SaaS products. For the years ended 31 December 2019, 2020 and 2021, Smart Decision Cloud contributed to 80.1%, 82.7% and 83.9% of our total revenue generated from SaaS. We began generating revenue from our Smart Medical Cloud since 2021. See “Financial Information—SaaS—Description of Major Components of our Results of Operation—Revenues” in this prospectus.

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For the year ended 31 December

	2019		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%
	Smart Decision Cloud	3,559	80.1%	5,770	82.7%	23,658
Smart Retail Cloud	885	19.9%	1,005	14.4%	3,080	10.9%
Smart Health Management Cloud	–	–	202	2.9%	371	1.3%
Smart Medical Cloud	–	–	–	–	1,077	3.9%
Total	4,444	100.0%	6,977	100.0%	28,186	100.0%

Smart Decision Cloud

As at the Latest Practicable Date, our Smart Decision Cloud products mainly included (i) CHIS; (ii) LinkedSee; and (iii) Pharmacy Connect. These products serve as industry data directory and analytics tool with user-friendly dashboards and provide the users with efficient access to industry and market data as well as the corresponding analytics outputs, helping the users make informed decisions. In 2015, we launched CHIS, our first SaaS, which was followed by our further initiatives of launching Pharmacy Connect and LinkedSee in 2020.

Main Products

CHIS

CHIS mainly provides data insights based on drug information analytics. It supports medical product manufacturers, medical research institutions, suppliers of medicine raw materials and other healthcare industry participants to conduct drug related information search and competitive product analysis. Through CHIS, users can look up specification information or evaluate market potential of a particular drug or drug category so as to formulate decision in relation to medicine research, development or distribution, etc.

The drug related information available on CHIS are sourced from our data warehouse that captures and standardizes the relevant public and non-public data, which saves the time of users from having to search for information using a wide variety of different sources. It is considered as core “business tool” by our users for making references during daily operations. It primarily includes (i) comprehensive medical product manufacturers profiles showing the company’s basic information, annual reports (if applicable), launched medication, competitiveness, research and development layout and progress tracking; (ii) medicine full life-cycle profiles covering discovery, acceptance review and launch; (iii) historical positioning information and advertising layout of medicines; (iv) historical sales amount of medicine and corresponding ranking by type, brand, efficacy, and manufacturer; (v) authorities’ bid information; and (vi) latest relevant governmental policies.

CHIS also helps the users, in particular, medical product manufacturers, evaluate medicine in the market with similar efficacy so as to adjust their medicine development or distribution strategies and stay ahead of the competition. The users can quickly acquire the information about the substitutes of a particular medicine in terms of the market entry (e.g., price, insurance

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benefits), pharmacology (e.g., indication, efficacy), supply and demand (e.g., number of medical product manufacturers that engage in developing or selling such medicine), clinical evidence (e.g., clinical trials process) and market penetration (e.g., concentration ratio, market share by name and category).

We have upgraded CHIS over the years to improve its efficiency and functionality. For the year ended 31 December 2021, there were 80 CHIS clients, among which, 67 were medical product manufacturers.

CHIS supports both a computer desktop version and a H5 mobile version, offering access to our data insights anywhere and at anytime. See “Pictures for Major Interfaces of Our SaaS Products—Smart Decision Cloud—CHIS” in Appendix VI to this prospectus for pictures demonstrating major interfaces of our CHIS.

LinkedSee

LinkedSee mainly provides data insights based on consumer portrait analytics. It supports medical product manufacturers to gain market information on the latest drug retail performance through the three major functions, namely, industry overview, data insights by medicine category and data insights by brand. Through LinkedSee, users can have an overall insight into the sales performance of the drug market and refine the market performance and consumer characteristics for a specific drug category or brand, so as to optimize the decisions in relation to retail distribution and development for a specific product category.

Compared with CHIS which mainly provides drug related information, the data insights provided through LinkedSee focus more on analyzing the retail performance of drugs by category and brand from the perspective of consumer portrait. LinkedSee relies on a large number of real-world retail samples with pharmacies’ retail data on per retail transaction basis and the de-identified member information collected through SIC. We tag the key metrics of data entries as dimensions in analytics including consumer portraits (e.g., age, habit, spending power and preference), transaction time, geographical locations (e.g., region, province, cities), product type purchased (e.g., name, place of origin, dosage, categories and indications) and scale of pharmacies (e.g., level of scale in terms of annual or monthly sales volume). As at the Latest Practicable Date, LinkedSee was able to provide data insights of more than 100 categories within more than 70 data dimensions under its three major functions.

Users can sort data insights through LinkedSee by tags. In particular, users are enable to (i) identify the target market by comparing the consumer portrait in terms of gender, age group and preference; (ii) evaluate the product penetration and optimize the marketing strategies by refining consumer behavior in terms of frequency of purchase, repurchase rate, purchase amount, price per product; and (iii) explore the marketing opportunities by understanding the stickiness among the categories or brands that are usually purchased together.

For the year ended 31 December 2021, there were 29 LinkedSee clients, among which, 28 were medical product manufacturers. We aim to develop our LinkedSee into the most influential consumer insight and marketing platform in the healthcare industry with our data modules.

See “Pictures for Major Interfaces of Our SaaS Products—Smart Decision Cloud—LinkedSee” in Appendix VI to this prospectus for pictures demonstrating the major interfaces of our LinkedSee.

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Pharmacy Connect

Pharmacy Connect mainly offers data insights based on pharmacy information analytics. Our Pharmacy Connect supports medical product manufacturers to have an understanding of retail market pattern, scale, potential and maps of the geographical network of pharmacy stores. Through Pharmacy Connect, users can check the number and market potential of pharmacy stores by region and for each pharmacy, search for store geographical location, as well as view the store layout by store type, market potential and location so as to optimize the decision in relation to sales channel selection, promotion channel selection and marketing effect monitoring.

As at the Latest Practicable Date, according to iResearch Report, our Pharmacy Connect was the only cloud-based SaaS product in the healthcare industry that provides data insights for China's overall pharmacy market with a level of detail down to each single pharmacy store. The data insights available through Pharmacy Connect do not include trade secrets of the pharmacies (such as revenue and cost of sales of a particular pharmacy) or private and confidential information of the consumers.

Pharmacy Connect features four major functions, including (i) an overview of pharmacies across the nation by presenting the number of pharmacies, national/regional layout, top 10 chain pharmacies and multi-dimensional ranking lists; (ii) an overview of retail markets, including an analysis of market trend, opportunities and challenges and retail market layout; (iii) an overview of major chain pharmacies, including an analysis of the store distribution market potential and characteristic of each major chain pharmacy; and (iv) a mapping of the pharmacies' locations.

For the year ended 31 December 2021, there were 53 Pharmacy Connect clients, among which, 49 were medical product manufacturers. We aim to develop our Pharmacy Connect into the most influential retail channel management platform in the healthcare industry with our data modules.

See "Pictures for Major Interfaces of Our SaaS Products—Smart Retail Cloud—Pharmacy Connect" in Appendix VI to this prospectus for pictures demonstrating the major interfaces of our Pharmacy Connect.

Operation Process

Major steps involved in the provision of our Smart Decision Cloud are set forth below:

- **Product trial.** Our potential clients may initiate product trials for a certain period before their purchase of our Smart Decision Cloud products.
- **Confirmation of subscription package.** We confirm the subscriptions with our potential clients if the trial experience is satisfactory.
- **Engagement contracts signed.** Upon acceptance of our subscription proposals and fees by potential clients, we will prepare contracts for signing.
- **Delivery of official user accounts and technical assistance.** We will deliver our official user accounts to our clients pursuant to the contracts. We will also provide necessary technical assistance on an as-needed basis.

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Fee Model

Our Smart Decision Cloud products are typically charged by annual subscription with either full or pre-determined partial access to our data insights and functionality. Depending on the subscription packages, we may offer add-on items such as national purchase behavior insight reports and brand national annual turnover data insight reports free of charge. Our Smart Decision Cloud clients pay a preset fee for the subscription period. During the Track Record Period, we normally charged an annual subscription fee per user account of (i) approximately RMB80,000 to RMB300,000 for our CHIS, depending on the scope of access; (ii) approximately RMB360,000 per drug category for our LinkedSee, while our clients may require a coverage of more than one drug category; and (iii) approximately RMB80,000 for our Pharmacy Connect. For each of our CHIS, LinkedSee and Pharmacy Connect, our clients may require more than one user account so as to facilitate the use of our product by their multiple teams. For the same periods, the total annual subscription fee we charged per client for a single product generally ranged from approximately RMB80,000 to over RMB1 million depending on the number of user accounts required, the products purchased and scope of access. Revenue generated from our Smart Decision Cloud is recognized over the granted user period on a straight-line basis, starting from the point when the user account is activated and other revenue recognition criteria are met. See “Financial Information—Significant Accounting Policies—Revenue Recognition—Revenue from contracts with clients—(c) SaaS products” in this prospectus.

Key terms of arrangements with our Smart Decision Cloud clients

Under the contracts for provision of Smart Decision Cloud, we provide our clients with access to our Smart Decision Cloud products and are responsible for the development and maintenance of the systems delivered and technical supports. We charge an annual subscription fee for our Smart Decision Cloud products. We are bound by confidentiality obligations. We are also required to ensure that delivery of our Smart Decision Cloud products is in compliance with relevant intellectual property laws and regulations and does not infringe the intellectual property rights of third parties. Our clients are not allowed to sell, lease, transfer or grant access to Smart Decision Cloud products to other parties except for their staff. During the Track Record Period, our contracts generally had a term of one year. We also entered into contracts for product trials with a term within one month.

Smart Retail Cloud

As at the Latest Practicable Date, our Smart Retail Cloud product only included SIC, which is a store and retail management software and helps retail pharmacies improve their professional services, customer services efficiency and internal management levels. Our SIC is backed by our big data and AI technologies to provide our clients with valuable retail data insights as well as efficient customer relationship and store management.

Our SIC is a significant driving force of our business model. We obtain data partly from our SIC users pursuant to our SIC Services Agreements which includes store location and inventory, retail data and de-identified store membership information. We do not collect any information in relation to the customer services provided by pharmacies to store members through SIC. See “—Our Technologies and Big Data—Big Data—Data Sources and Data Collection” in this section.

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During the Track Record Period, our SIC users were not required to pay us installation and basic services subscription fees. Our clients may require customized add-on services such as (i) category management function which enables the pharmacies to generate in-store sales structure report, monitor the in-store and overall inventory, as well as conduct procurement and promotion management; (ii) automated marketing function which includes sending repurchase reminders, promotional coupons and notifications of other member privileges to the store members; and (iii) onsite training, with an additional services fee. We believe that our SIC operations were of strategic significance to lay a strong foundation for our data collection as well as to establish an extensive client network. Our SIC empowerment system consists of three parts, a web-based back-end control port installed for the headquarters of retail pharmacies that is connected to the sales system of each store, a mobile application which faces pharmacy staff and an online official account set up through WeChat by the pharmacies that faces their consumers. As at the Latest Practicable Date, there were (i) approximately 192,400 pharmacy staff registered as users of the mobile application of SIC who managed the membership of approximately 231 million consumers through the mobile application of SIC; (ii) approximately 43,100 active pharmacy staff who had used our SIC mobile application within 30 days before the Latest Practicable Date; (iii) approximately 27 million active consumers managed by pharmacies through our SIC had made purchase in the stores of our partnering pharmacies within 90 days before the Latest Practicable Date. As at the Latest Practicable Date, 1,257 retail pharmacies installed our SIC and 63,234 pharmacies stores were connected to our SIC through their own sales systems.

The back-end control port of our SIC is connected to us and enables the retail pharmacies to manage and monitor all the key functionalities of SIC, supporting by mobile application and official online account that are connected to the back-end control port. The key functions and features of SIC include:

- **Membership and automated marketing management.** SIC is capable of digitalizing membership management. The online official accounts provide the e-membership features to members. Once a consumer becomes a member through one-click membership registration feature embedded in the pharmacy's official online account, the consumer's profile data such as age, gender, historical purchase records, purchase habits, and purchase frequency are available on the back-end control port. Pharmacies are able to track overall membership registration, member information, member satisfaction and online follow-up, as well as identify member loyalty and level of member activeness based on their purchase frequency so as to understand the demand of members and optimize the sales strategies. In addition, pharmacy staff can manage the in-store membership and monitor the purchasing behavior and history of their consumers through the mobile application according to their access rights granted by the pharmacies at headquarter level, so as to understand their sales potential. SIC also provides automated marketing function as an add-on service, including repurchase reminders, promotional coupons and notifications of other member privileges which will be set up on the back-end control port and sent to the store members through the official online account.

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- **Store management.** Our SIC enables pharmacies to manage each of their stores and pharmacy staff by setting up access authorizations, dispatching staff assignments and monitoring daily operational data such as the number of new members, sales revenue, achievements of stores, staff performance and the effectiveness of promotions through the back-end control panel. Correspondingly, pharmacy staff can view the staff assignments or sales metrics in detail on the mobile application and track the progress towards sales goals in a timely manner. In addition, we provide category management function via the back-end control port on demand as an add-on service, which enables pharmacies to have a clearer and more detailed understanding of the in-store sales performance of each of their stores. In particular, through SIC category management, pharmacies can generate in-store sales structure report based on gross profit margin and related metrics analysis, monitor the in-store and overall inventory, conduct procurement and promotion management so as to identify the medicine categories that drive the profits, understand supply and demand imbalance, and take responsive actions in a timely manner.
- **Data insights.** Data insights add value to our SIC users. Through the back-end control port, pharmacies have access to our data insights subject to our authorization, which enables them to efficiently retrieve information regarding market condition and opportunities. Our data insights cover (i) at product level, an overview of medicine or quarterly retail sales performance of each store and the overall market performance (e.g., fluctuation of the average medicine sales amount and number of medicine categories available) within the area surrounding each store; and (ii) at member level, member profile labels, member spending power, member marketing effects, membership movement trends.
- **Training.** Compared with training services provided under our Data Insight Solutions which are customized for our medical product manufacturer clients, training services under SIC mainly aim to help pharmacies enhance the sales skills of their in-store staff and are delivered through the SIC mobile application as online training courses on a regular basis. Such training services are associated with the store management function, through which, pharmacies can require the in-store staff to complete relevant assignments on the mobile application and track the training progress and effectiveness. As at the Latest Practicable Date, we had launched more than 1,000 proprietary online training courses on our mobile application through a leading online video platform in the PRC which included pre-recorded training videos and detailed training articles, covering diseases, store management techniques, and sales and marketing techniques. In addition, we also provide on-site training for SIC users as an add-on service, which guides them through the application of SIC functions and features with a combination of the pharmacy's daily operation, providing effective and efficient approaches in using the SIC that tailored to their business situation.

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We completed our acquisition of Guangzhou Jiasi in May 2021. Guangzhou Jiasi obtained an ICP License in March 2021 and intends to principally engage in the provision of a web-based online market place for retail pharmacies as merchants that involves value-added telecommunication business services under our Smart Retail Cloud. See “History, Reorganization and Corporate Structure—Acquisition of Guangzhou Jiasi” in this prospectus. We expect that more products will be available under our Smart Retail Cloud going forward.

Operation Process

The operation process of SIC is similar to that of Smart Decision Cloud. See “—Our Business Segments—SaaS—Smart Decision Cloud—Operation Process” in this section.

Fee Model

During the Track Record Period, our SIC users were not required to pay installation and basic services subscription fee. Our SIC users were only required to pay subscription fee for customized add-on services such as category management, automated marketing function and onsite training. Going forward, we may consider charging our SIC users installation and basic services subscription fee when we roll out an upgraded version of SIC, which is expected to be in 2023.

Key terms of arrangements under SIC Services Agreement

Pursuant to the SIC Services Agreement, the agreement will take effect immediately upon our SIC users’ acceptance by checking the box upon logging in to our SIC back-end control port. We may amend and/or adjust our terms of services and publish relevant announcement on the back-end control port of our SIC. Pursuant to the SIC Services Agreement, (i) such changes will be effective immediately upon being published on the the back-end control port of our SIC without any other notice separately made to each user; (ii) the users are allowed to stop using our SIC immediately if they do not agree with the relevant changes; and (iii) it is deemed that the users have no objection to the relevant changes if they keep using our SIC. Since the above arrangements do not violate the mandatory laws and regulations of the PRC, our PRC Legal Advisers are of the view that amendments made to terms of services of the SIC Services Agreements will be valid and apply to our SIC users immediately upon its publication on the SIC back-end control port.

The digital tools available to our clients may vary depending on subscription. Users may apply for a SIC account through our website and a mobile application account will be created by default at the same time. We own the SIC accounts and our users have the right to use our SIC accounts. Unless otherwise agreed and prescribed under the contracts, we own the intellectual property rights of products, technologies, softwares, data and other information under our services.

Pursuant to the SIC Services Agreement, we are allowed to collect, manage and analyze the retail and other data collected from our SIC users. We are allowed to process such data and are bound by strict confidentiality. We may analyze, use and develop the acquired data, which is not considered as a breach of confidentiality. We may suspend or discontinue our services at any time without further notice. We may also ask for compensation from our users if they breach

the agreement or fail to pay for the services. Given that (i) our SIC users have de-identified the data, namely, deleted or encrypted the personal information contained in the data, before it is exported to our database; and (ii) the SIC users have confirmed that they are entitled to provide the data without obtaining consent from third parties by accepting the SIC Services Agreement, our PRC Legal Advisers are of the view that collecting, managing and analyzing the data collected from our SIC users by the execution of the SIC Services Agreement are not in violation of the mandatory laws and regulations of the PRC.

Smart Health Management Cloud

As at the Latest Practicable Date, our Smart Health Management Cloud referred to our AI-MDT capabilities that offer in-depth physical examination report analysis and subsequent health management plans with the support of AI technologies. Our AI-MDT services primarily focus on disease screening and prevention, sub-health intervention and chronic disease management. Target end users of our AI-MDT services include (i) individuals who receive annual physical examinations; (ii) the elderly who need physical examinations and/or medical assessments on a more regular basis; and (iii) patients with chronic diseases who require regular follow-up consultations, risk assessments, medication alarms and treatments. We seek various cooperative opportunities with our target clients which include physical examination institutions and medical service institutions so as to let our target users access to AI-MDT services.

Our physical examination report analysis interprets the numerical meaning of indicators, identifies the risk of chronic diseases and provides health management solutions, and our patient-end mini-program helps pre-chronic diseases patients manage their lifestyle by online follow-up. It is backed by evidence-based medicine and biomedical knowledge graphs which are established by our specialized team with members who possess medical or computer science expertise, on the basis of interpretation and analysis of published clinical guidelines, as updated from time to time. Evidence-based medicine knowledge graphs include diseases graphs, clinical pathway graphs, medicine graphs, etc. while biomedical knowledge graphs cover gene graphs, biological target graphs, etc. We input our diverse knowledge graphs into deep learning programs, through which, a wide variety of diseases are automatically associated with the corresponding health metrics, symptom, diagnosis terminology, treatments or daily care suggestions, etc. under AI-MDT. In addition, our deep learning programs enable the AI-MDT to keep track of the changes in the user's health metrics and adjust the medical and healthcare suggestions in a timely manner. Currently, we primarily offer our AI-MDT services to our target users through physical examination institutions which purchase our AI-MDT for the purpose of providing an add-on service to their medical check-up clients. Users are able to obtain our AI-MDT services via platforms that are deployed by institutions and are connected to our AI-MDT services.

Our AI-MDT generates customized healthcare reports for users that contain health risk analysis, health management goals and healthcare suggestions in terms of dietary, wellness, slumber, medical treatment, etc. Such reports are based on the key metrics of their medical check-up results inputted by physical examination institution and lifestyle information (e.g., dietary and exercise) provided by the users. Through our knowledge graphs and deep learning programs as disclosed above, we are able to offer customized diagnosis experience, namely, identifying the risk of chronic diseases and providing health management solutions based on

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each individual's health metrics and lifestyle, to numerous users in an efficient manner. Our AI-MDT provides online follow-up and health management program implementation and automatically and regularly alerts doctors to conduct online follow-up visits and provides assessments.

Fee Model

For our AI-MDT, we provide usage-based subscriptions for APIs which are pre-programed in a pre-determined structure and format. During the Track Record Period, our fee charged per usage of a basic AI-MDT version ranged from RMB10 to RMB15 depending on the applicable minimum usage volume thresholds per month in order to encourage our clients to engage more users. Therefore, the greater the demand of our basic AI-MDT services, the lower the price charged per usage. Revenue generated from our Smart Health Management Cloud is mainly recognized at a point in time when the right to use API is provided and the report is generated for users. See "Financial Information—Significant Accounting Policies—Revenue Recognition—Revenue from contracts with clients—(c) SaaS products" in this prospectus.

Key terms of arrangements with our AI-MDT clients

During the Track Record Period, we had entered into cooperation agreements effective for ten years with the largest private physical examination institution in terms of revenue and number of physical examination institutions in China according to the iResearch Report, as well as an internet hospital and a data company to provide AI-MDT services, respectively. A summary of the key terms of these arrangements are set forth below:

- **Term.** The contracts are effective for ten years unless terminated at an earlier date by mutual agreement.
- **Invoice and payment.** Our monthly statement will be sent to our clients for cross-checks. After our clients confirm, we will issue a monthly bill. Payment of our fees should be made within a period upon receipt of our monthly bills.
- **Data security.** Our clients are responsible for collecting from services recipients (i) personal information; and (ii) personal health information. We do not collect or store the patients' personal information and medical records from our clients on our servers.
- **Intellectual property rights.** We possess the intellectual property rights of our AI-MDT and are responsible for our clients' losses due to claims by third parties that result from our infringing their intellectual property rights.

Pursuant to the agreements entered into with our clients, (i) we are not liable for the inaccuracy of the analysis and suggestions contained in the healthcare reports; (ii) the healthcare reports are delivered to the end users by our clients subject to their internal review or approval; and (iii) we are primarily responsible for the technical support for our clients' provision of relevant services to their end users based on our AI-MDT.

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In relation to the collection of certain information extracted from physical examination reports during our AI-MDT services, (i) we are entrusted by our AI-MDT clients to process the relevant information collected from them, namely, the de-identified data extracted from individuals' physical examination reports; (ii) we process the de-identified data strictly in accordance with the purposes and methods specified in the agreements that we entered into with our AI-MDT clients, and (iii) we do not use such data for any other purpose which is not agreed upon in such agreements or provide such data to any third party without authorization of relevant AI-MDT clients. Based on the above, our PRC Legal Advisers confirm that our collection of information from physical examination report provided by our AI-MDT clients complies with the Information Security Technology—Personal Information Security Guidelines (《信息安全技術—個人信息安全規範》) and the PIP Law in all material aspects.

Key terms of agreements with our medical practitioners

During the Track Record Period, we had entered into cooperative agreements with a number of medical practitioners as experts to provide overall consulting in order to support our AI-MDT services. A summary of the key terms of these agreements are set forth below:

- **Terms.** Our medical practitioners are responsible for (i) providing professional consulting guidance for the upgrade of our AI-MDT; and (ii) overseeing our AI-MDT physical examination report analysis that has been generated.
- **Remuneration.** Fees paid to our medical practitioners are generally based on the number of physical examination report analysis reviewed as stipulated in the agreement. Generally, we pay RMB2 to RMB5 per report depending on the experience of the medical practitioners. For the medical practitioner providing general consulting, we usually pay a fixed fee for the whole completed work instead of calculating the fees based on the number of reports.
- **Intellectual Property.** We own the intellectual property rights of all the work during the course of performing contracts. Our medical practitioners are not allowed to publish articles or essays regarding their service content in any sources without our consent.

Smart Medical Cloud

Our Smart Medical Cloud aims to empower medical service institutions and public health agencies with one-stop medical solutions through the provision of application software. It intends to integrate online and offline resources and supports the whole medical treatment process from making appointments, consultations, diagnoses, treatments to follow-ups, medical record management and analyses, medicine and medical device assessments, symptom detections and public health monitoring to public health education. As at the Latest Practicable Date, our Smart Medical Cloud was in the process of research and development and we had completed approximately 50% of the entire project. The completed portion includes certain modules under Woodpecker Clinic and an internet hospital SaaS product that have been in use, mainly covering service modules of medical appointment management, remote medical consultations, possible disease prediction, electronic prescription issuance and medicine delivery arrangement provided through web-based applications and the associated mobile applications and/or mini-programs that face to our clients and their patients, respectively. We do not collect or store any information of our clients' patients on our servers during the provision of our services.

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As at the Latest Practicable Date, we had cooperated with four prospective internet hospital operators to assist in their setup of internet hospitals for the purpose of obtaining internet hospital operating licenses for them as part of our initial attempt to commercialize these modules. A summary of the key terms of cooperation with the prospective internet hospital operators are set forth below:

- **Scope of services.** We provide services in designing, developing and installing software covering web-based application and the associated mobile applications and/or mini-programs that respectively face to our clients and their patients in relation to the required service modules.
- **Payment arrangement.** Payments of our fees are typically made by installment based on the development progress.
- **Term.** During the Track Record Period, our contracts generally had a term of approximately one month to three months for the delivery of our software, together with a period of service maintenance for approximately one year to five years (where applicable).

For more details regarding our research and development and our business plan regarding Smart Medical Cloud, see “—Research and Development” in this section.

Fee Model

We began generating revenue from our Smart Medical Cloud in 2021. We charge our Smart Medical Cloud clients on project basis with reference to (i) the service modules constructed; and (ii) the associated technology and services provided. During the Track Record Period, our fees charged for Smart Medical Cloud generally ranged from RMB100,000 to RMB250,000 per contract, depending on scope of services. Revenue generated from our Smart Medical Cloud is recognized at a point in time when the application software is delivered and accepted by our clients. See “Financial Information—Description of Major Components of our Results of Operations—Revenue—SaaS” in this prospectus.

OUR CLIENTS

Our solutions and products are widely used in the healthcare industry. We have developed a broad client base covering key stakeholders in the healthcare industry chain, including medical product manufacturers, pharmacies, physical examination institutions, investment institutions, regulators, medical service institutions and insurance companies. We believe our capabilities in attracting and retaining our clients rest on our ability to develop and offer industry-specific features and solutions that satisfy their needs.

For the years ended 31 December 2019, 2020 and 2021, we had 630, 702 and 918 corporate clients, respectively. During the Track Record Period, over 99.9% of our revenue was derived from our corporate clients. We are able to retain our clients through continuously strengthening our capabilities, launching new solutions and products based on the market trends, improving our solutions and product quality and enhancing client services and reputation. For the years ended 31 December 2020 and 2021, 304 and 426 of our corporate clients were repeat clients. For the same periods, our revenue derived from these repeat clients amounted to approximately RMB165.7 million and RMB262.0 million, representing approximately 82.0% and 80.8% of our total revenue, respectively.

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We usually grant a credit period of seven to 120 days to our clients. The credit quality of these clients is assessed, based on their financial position, past experience, business relationship with our Company and other factors. In view of the good collection history of receivables due from our clients, our management believes that the credit risk inherent in our outstanding trade receivables balances due from them is not significant. See “Financial Information—Financial Risk Disclosure—Credit Risk” in this prospectus. We generally do not enter into long-term framework agreements with our clients and most of our revenue from existing clients is generated on a project-by-project, one-time or annual basis.

Top Five Clients

We generated revenue of approximately RMB42.3 million, RMB47.8 million and RMB71.7 million from our top five clients, representing approximately 23.7%, 23.6% and 22.1% of our total revenue for the years ended 31 December 2019, 2020 and 2021, respectively. Revenue from our largest client in each year during the Track Record Period was approximately RMB10.0 million, RMB14.0 million and RMB20.5 million, representing approximately 5.6%, 6.9% and 6.3% of our total revenue for the same periods, respectively. Our Directors confirm that none of our Directors, their respective associates or any shareholders (which to the knowledge of our Directors owns 5% or more of our Company’s issued share capital) held any interest in any of our five largest clients during the Track Record Period.

The following tables set forth certain details of our top five clients during the Track Record Period.

For the year ended 31 December 2019

Rank	Client group	Segment	Principal business	Year of commencement of business relationship	Revenue contribution	Percentage of revenue contribution
					RMB'000	%
1	Client A . . .	Data-driven Publications and Events	A Chinese company based in Qingdao, Shandong province and listed on the Shenzhen Stock Exchange, involved in investment, operation, wholesale distribution and retail of pharmaceutical products in the healthcare industry	2010	10,001	5.6
2	Client B . . .	Data Insight Solutions, Data-driven Publications and Events and SaaS	A Chinese conglomerate based in Shenzhen, Beijing and Hong Kong, with listed subsidiaries, involved in a variety of businesses including consumer products, healthcare, urban construction and operations, energy services and technology and finance	2011	9,729	5.5
3	Client C . . .	Data Insight Solutions, Data-driven Publications and Events and SaaS	A private Chinese company based in Qingdao, Shandong province involved in research and development, production and sales of pharmaceutical products	2017	9,328	5.2

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Rank	Client group	Segment	Principal business	Year of commencement of business relationship	Revenue contribution	Percentage of revenue contribution
					RMB'000	%
4	Client D . . .	Data Insight Solutions and Data-driven Publications and Events	A listed multinational pharmaceutical and healthcare company with operations in cities in China including Beijing, Tianjin and Suzhou, involved in production and processing of various nutritional and therapeutic products and medicines	2011	6,648	3.7
5	Client E . . .	Data Insight Solutions and Data-driven Publications and Events	A private Chinese company based in Xuzhou, Jiangsu province involved in production and retail of chemical ingredients and biochemical and biological products, traditional Chinese Medicine, and raw materials for antibiotics	2016	6,575	3.7
				Total	<u>42,281</u>	<u>23.7</u>

For the year ended 31 December 2020

Rank	Client group	Segment	Principal business	Year of commencement of business relationship	Revenue contribution	Percentage of revenue contribution
					RMB'000	%
1	Client F . . .	Data Insight Solutions, Data-driven Publications and Events and SaaS	A listed multinational pharmaceutical company with operations in cities in China including Suzhou, Dalian, Shanghai and Beijing involved in production and processing of various chemical raw materials and biological products, import and export of drugs, wholesale of drug and food and sale of medical equipment	2010	14,004	6.9
2	Client B . . .	Data Insight Solutions, Data-driven Publications and Events and SaaS	A Chinese conglomerate based in Shenzhen, Beijing and Hong Kong, with listed subsidiaries, involved in a variety of businesses including consumer products, healthcare, urban construction and operations, energy services and technology and finance	2011	10,847	5.4
3	Client C . . .	Data Insight Solutions and Data-driven Publications and Events	A private Chinese company based in Qingdao, Shandong province involved in research and development, production and sales of pharmaceutical products	2017	8,353	4.1

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Rank	Client group	Segment	Principal business	Year of commencement of business relationship	Revenue contribution	Percentage of revenue contribution
					RMB'000	%
4	Client G . . .	Data Insight Solutions, Data-driven Publications and Events and SaaS	A listed multinational pharmaceutical company with operations in cities in China including Beijing involved in research and development, production and processing of drugs and other medicines for various diseases	2016	7,729	3.8
5	Client D . . .	Data Insight Solutions and Data-driven Publications and Events	A listed multinational pharmaceutical and healthcare company with operations in cities in China including Beijing, Tianjin and Suzhou, involved in production and processing of various nutritional and therapeutic products and medicines	2011	6,868	3.4
Total					<u>47,801</u>	<u>23.6</u>

For the year ended 31 December 2021

Rank	Client group	Segment	Principal business	Year of commencement of business relationship	Revenue contribution	Percentage of revenue contribution
					RMB'000	%
1	Client A . . .	Data Insight Solutions, Data-driven Publications and Events and SaaS	A Chinese company based in Qingdao, Shandong province and listed on the Shenzhen Stock Exchange, involved in investment, operation, wholesale distribution and retail of pharmaceutical products in the healthcare industry	2010	20,494	6.3%
2	Client B . . .	Data Insight Solutions, Data-driven Publications and Events and SaaS	A Chinese conglomerate based in Shenzhen, Beijing and Hong Kong, with listed subsidiaries, involved in a variety of businesses including consumer products, healthcare, urban construction and operations, energy services and technology and finance	2011	15,652	4.8%
3	Client F . . .	Data Insight Solutions, Data-driven Publications and Events and SaaS	A listed multinational pharmaceutical company with operations in cities in China including Suzhou, Dalian, Shanghai and Beijing involved in production and processing of various chemical raw materials and biological products, import and export of drugs, wholesale of drug and food and sale of medical equipment	2010	13,651	4.2%

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Rank	Client group	Segment	Principal business	Year of commencement of business relationship	Revenue contribution	Percentage of revenue contribution
					RMB'000	%
4	Client H . . .	Data Insight Solutions and Data-driven Publications and Events	A listed multinational pharmaceutical and healthcare company with operations in cities in China including Shanghai engaged in investment and operation of pharmaceutical, biological and other related projects, research and development of innovative pharmaceutical products and high and new technology	2016	11,628	3.6%
5	Client D . . .	Data Insight Solutions, Data-driven Publications and Events and SaaS	A listed multinational pharmaceutical and healthcare company with operations in cities in China including Beijing, Tianjin and Suzhou, involved in production and processing of various nutritional and therapeutic products and medicines	2011	10,266	3.2%
Total					<u>71,691</u>	<u>22.1%</u>

Note:

- (1) During the Track Record Period, we provided services to, and signed agreements with, several entities within client groups. The rankings are based on revenue from entities within a client group.

Our Sales and Marketing

Through a combination of various sales and marketing means such as online and offline marketing, brand promotion, cross-marketing and Industry Events, we have created a strong brand name in the healthcare industry as well as a large client base. For the years ended 31 December 2019, 2020 and 2021, our selling and distribution expenses were approximately RMB10.7 million, RMB14.8 million and RMB24.8 million, representing approximately 6.0%, 7.3% and 7.6% of our total revenue for the same periods, respectively. Our selling and distribution expenses for the year ended 31 December 2021 increased primarily due to an expansion in our sales and marketing team for promotion of our SaaS products. See “Financial Information—Description of Major Components of Our Results of Operations—Selling and Distribution Expenses” in this prospectus. Generally, our sales and distribution expenses were at a relatively low level largely because of our reputation of proven capability in the healthcare industry and our Healthcare Industry Participant Networks. We believe word-of-mouth has driven an increase in our new clients. We also cross-sell our solutions and products, both directly and indirectly, to existing and potential clients.

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Direct Sales and Marketing Efforts

We market and sell our solutions and products primarily through our internal sales and marketing team. As at the Latest Practicable Date, our sales and marketing team comprised 89 employees, who were responsible for developing, supporting and maintaining our relationship with our clients, sales and promotions of our solutions and products. We consider that our sales and marketing team are well-versed in the features of our offerings, industry knowledge and technical know-how, and are well-equipped to identify our clients' needs.

We conduct our marketing campaigns through our Media Channels, our official websites and our Industry Events. We also work with celebrities/key opinion leaders in our marketing campaigns and embed our brands, solutions and products into live streaming. With these diverse channels, we believe that we have effective strategies to enhance brand awareness and attract new clients.

Cross-selling

By providing integrated and comprehensive solutions and products to clients, we are in a strong position to cross-sell across our three business segments, which complement our direct sales and marketing. We cross-sell our solutions and products to existing and new clients through various means, such as our direct sales and marketing efforts, word-of-mouth, media and other conventional means of marketing that aim to introduce our capabilities and unique value propositions to clients. We believe that we have earned the trust and loyalty of our clients based on our proven track record, which we believe will enable us to leverage synergies and diversify our revenue streams. For the years ended 31 December 2019, 2020 and 2021, (i) approximately 14.9%, 17.1% and 16.7% of our corporate clients had used our solutions and products of more than a single business segment, and our sales to these clients accounted for approximately 66.6%, 65.6% and 72.6% of our total revenue for the same periods, respectively; and (ii) approximately 58.0%, 68.0% and 75.0% of our largest 100 corporate clients in terms of revenue had used our solutions and products of more than a single business segment.

Each of our business segments has its unique features and pricing strategies. For example, our Data Insight Solutions are tailor-made to solve a particular problem and offer actionable data insights which not only focus on past patterns and status but also provide a logical analysis of the reasons behind and recommendations of actions. Our SaaS, by contrast, offers standardized sets of data analytics which are frequently updated. We are able to cross-sell our Data Insight Solutions if and when our SaaS clients have demand for customized actionable data insights.

Client Support, Services and Education

We are client-centric. We have built a corporate culture that focuses on consistently adding value to our clients and ensuring their business success and satisfaction. We deliver technical support, on-the-ground professional services and educational content to ensure our clients obtain the most out of our solutions and products:

- ***Technical assistance.*** We offer technical assistance through our large and experienced technical support team. Periodic system maintenance and continuous feature additions are also included in our contract coverage, which is included in the subscription fee.

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- ***On-the-ground professional services.*** For our Data Insight Solutions, we provide in-person consultations to clients on an as-needed basis. We monitor client satisfaction internally as part of formalized programs and at regular intervals during the client lifecycle, including during the transition from sales to implementation, at the completion of an implementation project and on an on-going basis based on interactions with clients.
- ***Educational content.*** Our proprietary educational content is published on our Media Channels, enabling our clients to keep in pace with the latest market trend and general know-how in a convenient and timely manner.

OUR SUPPLIERS

Our suppliers mainly include (i) some of our partnering pharmacies which provide us with data and charge us fees. For more information regarding our data cooperation arrangements with our partnering pharmacies, see “—Our Technologies and Big Data—Big Data—Data Sources and Data Collection” in this section; (ii) our software and hardware providers. We typically enter into contracts with our software and hardware providers for a term of 12 months; (iii) for our Data-driven Publications and Events, hotels, travel agencies and specialized service providers which provide accommodations, transportations and event organization services; and (iv) for Data Insight Solutions, advertising agency services providers. We typically enter into one-time purchase contracts with our suppliers for our Data-driven Publications and Events. Our purchase contracts usually set forth the price, work scope and quality and quantity requirements, depending on the nature of services provided. As at the Latest Practicable Date, we had not entered into any long-term agreements with our suppliers. We generally have detailed and specific standards on quality and quantity of goods or services, such as the number and tier of hotel rooms and ancillary facilities provided, buses reserved for services and catering standards. Prices for goods or services are primarily determined depending on the type of items procured and event size. We usually make full payment within 14 to 60 days after our receipt of the invoices issued by our suppliers.

During the Track Record Period, some of our partnering pharmacies were also our clients through CMH Cooperation Agreements. The raw data we obtained from these clients was mainly related to their sales information while we provide them with our medical product retail report. See “—Our Technologies and Big Data—Big Data—Data Sources and Data Collection” in this section. The reason for the overlapping arrangement was information and data cooperation and sharing. We have continuous demand for voluminous raw data to enrich our data resources. For the years ended 31 December 2019, 2020 and 2021, through the CMH Cooperation Agreements, our revenue generated from these clients was approximately RMB1.3 million, RMB1.3 million and RMB2.6 million, respectively, while our purchases from these clients was approximately RMB1.3 million, RMB1.3 million and RMB2.7 million, respectively, representing the fee we paid for their monthly retail data. Incidentally, some of our partnering pharmacies also purchased other solutions and products from us for an insignificant amount during the Track Record Period. For the same periods, our gross profit attributable to these overlapping clients and suppliers was approximately RMB185,000, RMB889,000 and RMB789,000, respectively, while the gross profit margin attributable to them was 12.2%, 40.0% and 22.8%, respectively.

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Our suppliers and services providers are required to go through certain selection processes as required by our internal policies on the selection and management of suppliers. We take into account several factors in selecting our preferred suppliers and services providers, such as product or services quality and technological capabilities, price competitiveness, past performance and industry reputation, as well as any quality certifications or health, safety and environment qualifications. Except for our partnering pharmacies, suppliers and services providers must first pass an initial qualification assessment which usually includes accreditation and certification. After the initial assessment, we will despatch our personnel to supervise and/or examine the performance of our suppliers based on the agreed contract terms, and will only accept products or services upon satisfactory quality inspection and receipt of required quality proof, if applicable. We generally require our suppliers and services providers to provide after-sales services as well as product warranty.

We generally determine our suppliers and services providers through competitive negotiation and do not retain a few preferred suppliers and services providers. We believe that there are multiple sources of supplies so that failure of performance by any supplier will not cause a significant adverse impact on our business. During the Track Record Period, our transactions with suppliers were denominated in Renminbi as all our vendors were located in PRC. The purchase price and payment arrangements with our suppliers are generally negotiated and determined at each of the individual purchase orders.

For the years ended 31 December 2019, 2020 and 2021, our total cost of sales were approximately RMB71.7 million, RMB71.9 million and RMB131.5 million, respectively. During the Track Record Period, we were generally able to pass on the increased costs to our clients because of our value proposition to clients and our established market position.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material lack of capacity, supply shortages, fluctuation in procurement price, delays or disruptions in our operations relating to our suppliers, services providers and contractors, or any material product claims attributable to our suppliers, services providers and contractors.

Top Five Suppliers

For the years ended 31 December 2019, 2020 and 2021, purchases from our largest supplier in each year during the Track Record Period accounted for approximately 11.2%, 11.6% and 11.1% of our total purchases, respectively. For the same periods, purchases from our five largest suppliers in aggregate accounted for approximately 36.7%, 31.8% and 34.7% of our total purchases, respectively. There was a slight increase in the proportion of purchases from our five largest suppliers for the year ended 31 December 2021 as we expanded our Merchandise Trading Event and incurred more expenses on event venue and services. Our Directors confirm that none of our Directors, their respective associates or any shareholder (which to the knowledge of our Directors owns 5% or more of our Company's issued share capital) held any interest in any of our five largest suppliers during the Track Record Period.

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The following tables set forth certain details of our top five suppliers during the Track Record Period.

For the year ended 31 December 2019

Rank	Supplier	Type of products / services provided to us	Principal Business	Year of commencement of business relationship	Amount of total purchase incurred	Percentage of amount of total purchase incurred
					<i>RMB'000</i>	%
1	Supplier A	Event services and venue provider	A private event and exhibition services company based in Sanya, Hainan province involved in planning, organization and reception of conventions and exhibitions, ceremony and celebration services, and organization and holding of large-scale cultural and sports events	2017	6,610	11.2
2	Supplier B	Event services and venue provider	A private company based in Qionghai, Hainan province involved in hotel management, convention and exhibition services, event services and consultation, catering services, sale of hotel supplies and travel supplies	2017	6,569	11.1
3	Supplier C	Data warehouse projects and others	A private IT infrastructure company based in Shenzhen involved in technology services and sales of electronic products, digital products, computer hardware and software	2019	3,658	6.2
4	Supplier D	Event services and venue provider	A private hotel company based in Qionghai, Hainan province involved in event services and production and sales of food and drinks	2018	2,602	4.4
5	Supplier E	Travel agency	A private travel company based in Guangzhou, Guangdong province involved in provision of travel, transportation, accommodation and other agency services	2017	2,266	3.8
				Total	<u>21,705</u>	<u>36.7</u>

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For the year ended 31 December 2020

Rank	Supplier	Type of products / services provided to us	Principal Business	Year of commencement of business relationship	Amount of total purchase incurred	Percentage of amount of total purchase incurred
					<i>RMB'000</i>	%
1	Supplier B.	Event services and venue provider	A private company based in Qionghai, Hainan province involved in hotel management, convention and exhibition services, event services and consultation, catering services, sale of hotel supplies and travel supplies	2017	6,265	11.6
2	Supplier A.	Event services and venue provider and channel activities	A private event and exhibition services company based in Sanya, Hainan province involved in planning, organization and reception of conventions and exhibitions, ceremony and celebration services, and organization and holding of large-scale cultural and sports events	2017	5,490	10.2
3	Supplier D.	Event services and venue provider	A private hotel company based in Qionghai, Hainan province involved in event services and production and sales of food and drinks	2018	2,533	4.7
4	Supplier F.	Event services and venue provider	A private hotel company based in Qingdao, Shandong province involved in restaurants, production and sales of food and event services	2018	1,514	2.8
5	Supplier G.	Event services and venue provider	A private travel company based in Sanya, Hainan province involved in travel business, event and exhibition services, hotel booking and flight ticket agent	2017	1,359	2.5
				Total	<u>17,161</u>	<u>31.8</u>

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For the year ended 31 December 2021

Rank	Supplier	Type of products / services provided to us	Principal Business	Year of commencement of business relationship	Amount of total purchase incurred <i>RMB'000</i>	Percentage of amount of total purchase incurred <i>%</i>
1	Supplier A	Event services and venue provider	A private event and exhibition services company based in Sanya, Hainan province involved in planning, organization and reception of conventions and exhibitions, ceremony and celebration services, and organization and holding of large-scale cultural and sports events	2017	11,491	11.1
2	Supplier H	Advertising and marketing services provider	A private advertising company based in Beijing engaged in designing, production, agency, and publication of advertisements, providing integrated advertising and marketing services	2021	7,913	7.7
3	Supplier B	Event services and venue provider	A private company based in Qionghai, Hainan province involved in hotel management, convention and exhibition services, event services and consultation, catering services, sale of hotel supplies and travel supplies	2017	7,349	7.1
4	Supplier I	Event services and venue provider	A private tourism operations company based in Danzhou, Hainan province engaged in provision of catering services, accommodation services, performance venues, sports facilities and entertainment activities	2021	5,356	5.2
5	Supplier J	Advertising and marketing services provider	A private advertising company based in Hangzhou, Zhejiang province engaged in designing, production, agency, and publication of advertisements, providing marketing, promotion and other related services	2021	3,774	3.7
Total					35,883	34.7

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RESEARCH AND DEVELOPMENT

We believe our continual research and development to create and advance our solutions and products is key to advancing our market position and we allocate a substantial portion of our operating expenses to research and development, including improving our data technologies and developing new solutions and products. We incurred approximately RMB29.3 million, RMB39.8 million and RMB53.7 million of research and development costs mainly in relation to our data and AI technologies, SaaS products and aPaaS infrastructure for the years ended 31 December 2019, 2020 and 2021, respectively. Our research and development costs during the Track Record Period were expensed. We have implemented a research and development policy to manage and optimize our research and development process. We require our research and development team to formulate specific plan before the commencement of each research and development project and conduct regular review throughout the development process. We also require our research and development team to work with each other closely in order to streamline the delivery of our research and development projects.

As at the Latest Practicable Date, we had 251 employees in our research and development team, of which approximately 77% had obtained a bachelor's degree and more than 52% had not less than five years of professional experience in healthcare or technology-related industry. Members of our research and development team have expertise in clinical medicine, pharmacy, epidemiology, data analysis, data science, machine learning processes, software development, cloud computing and project management.

Our research and development team is responsible for projects involving cloud computing and information development technology, AI technology and big data technology. Our Big Data & AI Lab comprises (i) our AI technology team which focuses on machine learning, data analysis, knowledge graphs, natural language processing, computer vision and predictive modeling; and (ii) our data technology team which is mainly responsible for data warehouse, data cleansing and standardization technology, as well as data management and security. The other research and development team focuses on cloud computing and information development technology which mainly utilizes cloud technology to enhance our data storage capacity and data processing capabilities.

We have also established a professional committee which consists of Mr. Wu, Mr. Su and Mr. Tang that is responsible for overseeing the direction of our product and technology research and development efforts, evaluation of research and development projects, review of project goals and results, and resolution of any major issues that arise.

In addition, we cooperate with universities and research centers that possess cutting-edge technologies such as machine learning, big data analytics and other technologies related to our business for specific projects and deliverables that allow us to enhance our data and technology capabilities. For example, we have partnered with a research center established by interdisciplinary experts from a leading academic institution in the PRC to build technology for automated construction of knowledge graphs based on scholarly articles that have been published in biomedical and life science journals and other medical literature for a fee of over RMB1 million payable by us. Through this collaboration, the research project aims to build underlying technology as well as develop related software allowing wider use, and we own the intellectual property rights of the research results. We will conduct further testing and analysis and plan to incorporate them into our technologies.

Recent Initiatives

We are committed to investing further in our research and development to fuel our growth and expand and enhance our technological capabilities. In August 2021, we entered into a comprehensive cooperation framework agreement with the cloud services arm of a Chinese multinational technology company, which set out cooperation and sharing of intelligence to build and develop solutions in the healthcare industry while leveraging their cloud capabilities, AI and big data technology, and high-performance computing power and the wide range and amount of healthcare industry data and relevant expertise that we possess. These objectives included (i) to promote, increase market share for, and penetration of, their cloud services and applications by leveraging our influence in the healthcare industry; (ii) to jointly develop applications and systems for tracing medical products and their management in order to satisfy relevant regulatory requirements; (iii) to develop solutions for acceleration of innovative drug research and their clinical trials; and (iv) to promote digitization of the entire healthcare industry. We will negotiate and sign specific cooperation agreements with the Chinese multinational technology company separately for specific projects. Focused project teams will also be formed based on execution needs. They will also be responsible for ensuring the collaboration progresses smoothly and to troubleshoot any issues that may be encountered.

In addition, one of our current focuses is the development and commercialization of our proprietary aPaaS offering. Although we primarily operate in the segment of insight solutions for medical products and channels, we are actively exploring business opportunities in medical services segment. See “Industry Overview” section in this prospectus for more information about the market of medical services segment, future trends and opportunities, potential in the value of healthcare aPaaS and development of internet hospitals.

As at the Latest Practicable Date, we had taken the following initiatives:

- **Woodpecker medical cognition aPaaS.** As at the Latest Practicable Date, we are in the process of research and development of our woodpecker medical cognition aPaaS which features medical knowledge graphs, medical image analysis, deep learning, reasoning, planning and problem-solving and we had completed approximately 50% of the research and development project. We intend to open up our woodpecker medical cognition aPaaS to third-party developers and business partners to efficiently design, build and implement enterprise-grade SaaS products to achieve their optimal operating results, encouraging them to incubate innovative SaaS products with greater flexibility, reduced complexity and of improved performance. We also intend to support them with declarative, high-level programming abstractions, such as model-driven and metadata-based programming languages. See “Future Plans and Use of Proceeds” in this prospectus.

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Our woodpecker medical cognition aPaaS is designed to be a digitalized medical and pharmaceutical knowledge repository which will be available for use internally to avoid repetitive construction, and externally to potential clients through API. It will allow us and our potential clients to access medical and pharmaceutical knowledge and cognition in a wide range of specialties through various tools such as clinical decision support system and clinical pathway management system. We believe that there is a high demand in medical and pharmaceutical knowledge empowerment from medical institutions and medical research institutes, which will benefit from these tools during their digital transformation process.

- **Smart Medical Cloud.** With our efforts on the research and development of woodpecker medical cognition aPaaS, we are also in the process of developing our Smart Medical Cloud given that aPaaS infrastructure is the basis for the development and cultivation of SaaS products. As at the Latest Practicable Date, we had successfully developed certain modules under the name “Woodpecker Clinic”. See “—Our Business Segment—SaaS—Smart Medical Cloud” in this section. Our Smart Medical Cloud is expected to be equipped with the following features: (i) it will support automated treatment follow-up management for doctors which facilitates the formulation and implementation of the treatment follow-up plan in accordance with the situation of each patient, including automatically requiring relevant health metrics from the patients, alerting the doctors to the changes of the patients’ situation and sending automated reminders for the online follow-up with the patients; (ii) it will support the patient relationship management based on patient profile and healthcare metrics analysis; (iii) it will enable the construction of a standardized electronic directory of patients’ medical records; (iv) it will support the doctors to review the complete medical records of the patients according to the time axis and support the patients to obtain intelligent diagnosis navigation; and (v) it will be AI-enabled and is supported by our AI-aPaaS application module and knowledge graphs.
- **Life science solution aPaaS.** As at the Latest Practicable Date, we were in the process of research and development of our life science solution aPaaS which aims to digitalize the new drug research and development process of the medical product manufacturers, and we had completed approximately 10% of the research and development project. Our life science solution aPaaS aims to provide AI-based gene and protein bioinformatics tools such as gene sequence alignment tools and protein spatial structure prediction tools, as well as a complex biomedical knowledge graph (such as gene-target-disease-drug) and graph reasoning tools to assist in new drug discovery. Meanwhile, our life science solution aPaaS will provide data integration and governance tools, ePRO tools and statistical analysis tools at the clinical level to support clinical trials and real-world studies. Medical product manufacturers and scientific research institutions are expected to quickly acquire and assemble the required capabilities through our life science solution aPaaS without the underlying research and development, thereby improving efficiency and promoting innovation. See “Future Plans and Use of Proceeds” in this prospectus.

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- **Sinohealth Cloud.** Going forward, on the basis of the capability of our Sinohealth Engine which is currently an internal technology middleware, we intend to develop and re-assemble its functions with a view to enabling it as a cloud platform that is able to directly provide clients with digital transformation solutions and products. aPaaS application and SaaS are expected to be the core layer and upper layer, respectively, of such solutions and products which are expected to be arranged in accordance with the unique characteristics in the healthcare industry. Our clients will benefit from the flexibility of the mix of our aPaaS and SaaS solutions and products which can be adaptable to various application scenarios and business functions in the healthcare industry.

OUR TECHNOLOGIES AND BIG DATA

Our Technologies

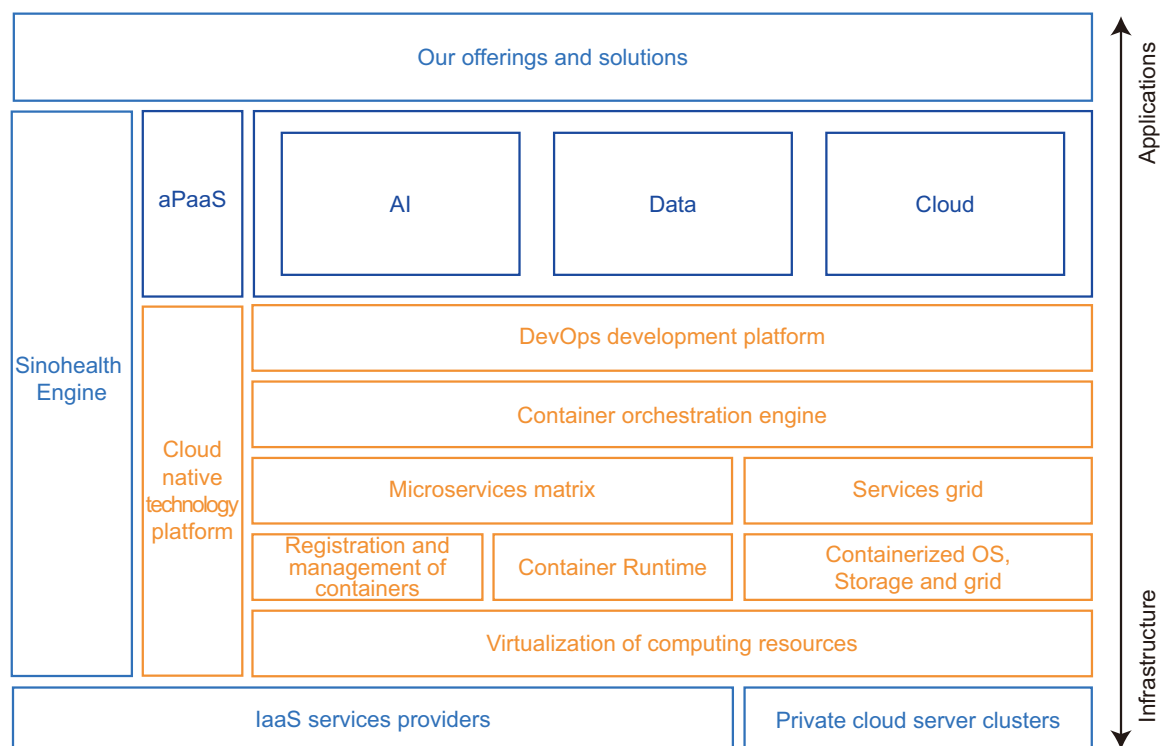
We have established our technology middleware, Sinohealth Engine, based on our cloud-native technology that provides internal support to all of our business segments, namely, Data Insight Solutions, Data-driven Publications and Events and SaaS offerings. Our Sinohealth Engine enables us to quickly call various technologies for use in our solutions and products and streamline the development process by eliminating duplication of developing commonly used technologies.

Sinohealth Engine is a scalable application and management platform with an open architecture which can continuously integrate and accumulate application modules and technologies. It comprises isolated “containers” where microservices, namely, our well-developed technologies such as programs and processes or SaaS components, are packaged and isolated in each container. These well-developed technologies are generally developed by our Big Data & AI Lab. Each container supports a main application module as different microservices are packaged together. We then integrate several containers that support the same application module into a whole and deploy it as one aPaaS in our middleware. In this context, we have three main application modules, AI-aPaaS, Data-aPaaS, and Cloud-aPaaS, which respectively support our capabilities in AI, big data and technology development. In other words, technologies that serve a similar function are categorized into one group and are assembled together as an aPaaS application module. In this way, we are able to quickly provide our offerings by simply selecting and integrating the microservices that we want which makes them more cost-effective to develop. Sinohealth Engine acts as a bridge between our technologies and offerings which significantly improves development efficiency.

We utilize the microservices contained in our Sinohealth Engine such as programs, processes and models to customize our Data Insight Solutions and Data-driven Publications and Events offerings in a quick and cost-effective manner. For our SaaS products, we directly deploy the targeted microservices and tailor them to the needs of new products.

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The following diagram illustrates the infrastructure of our Sinohealth Engine and its key components:



The following describes further the three main application modules in our Sinohealth Engine:

- Cloud-aPaaS.** We have established a technology chain based on cloud native technology, which improves our flexibility, maintainability and our ability to scale. For example, our cloud native technology is adaptable to the public cloud, private clouds and hybrid clouds and can be applied to a variety of different application scenarios which allows us to invoke the microservices in our aPaaS modules without the need to configure for different cloud environments. Moreover, we are able to eliminate the costs for maintaining our platforms by deploying cloud native technology.
- Data-aPaaS.** Our big data technology includes big data technology platform, data governance and data analysis related technological capabilities: (i) for our big data technology platform, we have built our data warehouse “Tiangong No.1” as well as established online analytical processing and data visualization system to help us with data insights and more efficient services to clients; (ii) we have a complete data governance system and data model established upon our industry understanding; and (iii) for data analytics, we have developed a data analysis aPaaS based on our data analysis models formed after serving a large number of clients. In relation to (i), (ii) and (iii) above, see “—Our Technologies and Big Data—Big Data” in this section.

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- AI-aPaaS.** We have established a technical process and application process of AI technology, which mainly includes machine learning, natural language processing, knowledge graphs and computer vision technologies. Based on the AI-aPaaS, our program engineers are able to use container technology to quickly deploy deep learning environment and conduct model training. In terms of natural language processing, we have used a number of layers of deep neural network model to analyze the medical literature. For knowledge graphs and computing, we have established a knowledge engine tool to enable calculation of medical evidence. For computer vision, we have utilized an optical character recognition model for the healthcare industry and a deep learning model of medical image data analysis.

The following tables summarize the technologies we normally use and apply in each business segment:

	SaaS					
	Data Insight Solutions	Data-driven Publications and Events	Smart Decision Cloud	Smart Retail Cloud	Smart Health Management Cloud	Smart Medical Cloud
Use of technologies:						
Data processing technologies	✓	✓	✓	✓	✓	✓
Data analytics models	✓	✓	✓	✓		
Data visualization system	✓	✓	✓	✓		
Machine learning programs	✓	✓	✓	✓	✓	✓
Knowledge graphs					✓	✓
Computer vision technologies (including optical character recognition)					✓	✓
Natural language processing						✓

SaaS

Data Insights Solutions	Data-driven Publications and Events	Smart Decision Cloud	Smart Retail Cloud	Smart Health Management Cloud	Smart Medical Cloud
<p>Application:</p> <p>We use machine learning programs to enhance our data cleansing and standardization efficiency, which in turn shorten the cycle of data analytics. At the same time, our data analytics capabilities support the need of analyzing our voluminous data, including comparison and statistical analysis. Lastly, we use our data visualization system to present the results of our data analysis and models to our clients.</p>	<p>See the application of technologies in our Data Insight Solutions which is similarly applied in our Data-driven Publications and Events.</p> <p>Further, our Healthcare Link provides support to the operation of our Industry Events.</p>	<p>See the application of technologies in our Data Insight Solutions which is similarly applied in our Smart Decision Cloud offerings.</p> <p>The key difference with our Data Insights Solutions is that we have already assembled the relevant technologies in our SaaS products based on pre-determined product design after considering the business scenarios. Our Smart Decision Cloud users activate the relevant technology modules which provide services when they use our SaaS products.</p>	<p>The application method is similar to Smart Decision Cloud.</p> <p>The key difference is that Smart Retail Cloud uses different technologies in our Cloud-aPaaS and Data-aPaaS when delivering the services based on different business needs.</p>	<p>Data processing technologies are applied to process and standardize physical examination data, which are then analyzed in the knowledge graphs constructed by us and produce the analysis results.</p> <p>Like other SaaS products, the necessary technologies have already been assembled in a package and can be connected to our clients through API.</p> <p>In some cases where we do not obtain digitalized physical examination data, we use optical character recognition model to identify and structuralize those data.</p>	<p>We use natural language processing to accelerate the analysis of medical literature, and combined with our data processing technologies to construct the medical knowledge graphs.</p> <p>In our clinical decision support system, the above technologies can explain and structuralize the medical report data so as to provide recommendation on diagnosis and treatment. Certain medical graphs can be explained through the analytical model of computer vision technologies.</p> <p>Like other SaaS products, the necessary technologies have already been assembled in a package and can be connected to our clients through API.</p>

Big Data

We consider our big data capability our valuable strength, which helps us strengthen our market position. We emphasize on the volume and velocity, dimensions as well as the variety of our big data. The unique nature of the healthcare industry requires higher standards of data quality, quantity and timeliness. As a result, our big data is built upon industry-specific strategies.

In order to consolidate and better manage the big data we have collected and stored in different information systems to generate greater data value, we have built a data storage system “Tiangong No.1”, a data warehouse in Sinohealth Engine, to improve our data processing capabilities and ensure accurate, consistent and efficient data analytics and timeliness of our data insights. Within our Tiangong No.1 data warehouse, (i) we have created systematic data collection paths for our CMH partnering pharmacies and SIC users respectively, which enables the relevant information contained in the raw data to correspond with each category defined in our database upon data collection and therefore shortens the time required for data collection and standardization; (ii) we have established an automatic data cleansing system, which enhances our efficiency in cleansing raw data while reducing human error; (iii) we have developed statistical inference method with standardized models that requires less manual effort for maintenance and enables automatic detection of abnormal data; and (iv) we are able to build various data layers based on the subdivision of data collection background (e.g., location, nature of the partnering pharmacies) and to group sample data with similar retail background into the same layer for statistical inference, which strengthens the data granularity and improves the accuracy of our inferred data that reflects the market performance. By leveraging our Tiangong No.1 data warehouse, the period of time between the date of the relevant raw data and the delivery of corresponding data insights to our clients has been reduced from 45 days to 35 days.

Our master databases comprise standardized databases that can be used as indexes and describe the core attributes of various information in the healthcare industry, and they are established mainly with reference to official sources published by government authorities. Our master data is mainly collected from officially published information which is processed, converted and cross-referenced as general standard data. Our retail market database mainly refers to retail data we collect from our partnering pharmacies, including store location, manufacturer, product specification, unit, dosage form, sales volume, retail price, production approval number, bar code, utilization of national medical insurance scheme, transaction number, transaction time and payment method. Our data analytics are based on the combination and interaction between master data and retail market data.

Data Sources and Data Collection

We began strategically with a focus on retail market which we believe reflected the actual demand for, and inventory of, prescription medicine, non-prescription medicine, medical devices and healthcare products. In order to obtain first-hand, real-world and up-to-date retail big data, we established a national network through cooperation with retail pharmacies that operate physical stores or both physical and online stores for data collection. Our initial batch of pharmacies on board were primarily those that operated in certain cities across the nation and were representative in terms of geographic location and consumer traffic based on our prior onsite due diligence. We then scaled up and expanded our partnering pharmacy network step by step. As at the Latest Practicable Date, the stores of our partnering pharmacies covered 29 provinces and 299 cities while approximately 10.8% of our partnering pharmacies were major chain pharmacies which record a revenue of more than RMB0.2 billion per year based on our

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estimation. Our network of partnering pharmacies provides us with a solid foundation of data capability and enables us to continuously evolve. As at the Latest Practicable Date, we had also developed 38 master databases including product and merchant database, enterprise and institution database, practitioner database, disease and symptom database and examination and detection database through public resources and subscriptions.

For the years ended 31 December 2019, 2020 and 2021, our costs incurred for data collection amounted to approximately RMB2.0 million, RMB3.5 million and RMB6.3 million, respectively.

The following table summarizes our data source, types of big data collected and scope of authorization.

Data source	Key data collected	Scope of authorization
Retail pharmacies which enter into CMH Cooperation Agreements and Non-disclosure Agreements with us	Retail data	We are authorized to process and use the data collected for our provision of relevant solutions and products provided that (i) such data cannot be linked to or cause a particular store to be identifiable; (ii) our data insights do not in any way disclose names of the partnering pharmacies or any information that could be linked to or cause a retail pharmacy to be identifiable; and (iii) we will not provide raw data to third parties.
Retail pharmacies which are our SIC users	Store management data (i.e., store location and inventory), retail data and de-identified member data	We are authorized to process and use the data collected for our provision of relevant solutions and products provided that (i) we de-identify data regarding names and address of the pharmacies, membership card number and other relevant data of individuals; and (ii) we do not provide raw data to third parties.
Industry Events (Healthcare Link)	Information of event participants	We are authorized to collect, process, use, store certain personal data provided by event participants, such as name, phone number, gender, employer and position only for the purpose of legitimacy, rightfulness and necessity.

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Data source	Key data collected	Scope of authorization
Public resources and subscriptions (e.g., the official websites of the National Medical Products Administration, the National Healthcare Security Administration and the National Health Commission) . .	Data include national licensing number, name, specifications, manufacturer and category of medical products, company registration information of pharmacies, medical services providers and manufacturers, disease treatment effectiveness, registration and licensing information of medical practitioners and governmental approvals, notices and policies relating to medical products and healthcare industry	N/A

We enter into CMH Cooperation Agreements and Non-disclosure Agreements with retail pharmacies for data cooperation. Under these agreements, we typically agree to provide under our business segment of Data Insight Solutions, the medical product retail report for a fee (where applicable) which mainly covers sales volume, market size and sales increase rate by medical product, brand and city on a monthly basis, while the partnering pharmacies agree to provide us with their monthly retail data for a fee (where applicable) including store code, store name and address, manufacturer, product specification, unit, dosage form, sales volume, retail price, production approval number, bar code and utilization of medical insurance scheme. These data are uploaded to our data collection platform and then interfaced and stored in our Tiangong No.1 data warehouse. We own the intellectual property rights of our reports and we undertake that our reports are free from infringements of the intellectual property rights of third parties. We also undertake to keep raw data confidential. Our partnering pharmacies warrant that they have the right to provide us with the specified sets of data and authorize us to use such data for designated purposes (including data analytics, production and offering of data insights, program and process construction and upgrade as well as other legal and reasonable internal development and utilization) without consent of any third parties. Our partnering pharmacies are not allowed to disclose our reports to third parties. Our CMH Cooperation Agreements and Non-disclosure Agreements are generally renewed on an annual basis.

Our SIC users are connected to our cloud platform after installation, which enables us to retrieve de-identified raw data within a pre-agreed scope. Before using our SIC products, our SIC users are required to enter into our SIC Services Agreements. Pursuant to the SIC Services Agreements, our SIC users agree that we are allowed to collect and manage data, conduct data analysis, produce and provide output of data insights which do not require consent of any third parties. Our SIC users have maintained member service agreements with the consumers who are their store members, informed them of the purposes, methods and scope of collecting, using and sharing their information and obtained their consent. When we use data provided by SIC users, we are required to de-identify such data and are bound by confidentiality. These data are transported to a specific database which is then interfaced and stored in our Tiangong No.1 data warehouse. Raw data are exported to SIC by our SIC users from their own sales systems which are compatible with and can be integrated with our SIC. We are able to automatically synchronize with SIC on a daily basis. The retail data collected from our SIC users are on per

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retail sales transaction basis. These retail data contain store code, store name and address, manufacturer, product specification, unit, dosage form, sales volume, retail price, production approval number, bar code, utilization of national medical insurance scheme, transaction number, transaction time and payment method. For the month ended 31 December 2021, the total number of retail sales entries we collected through our SIC to retrieve retail data was approximately 137 million. Our de-identified member data contain the membership card number, age and gender of the members, which correspond to their purchase records (i.e. the retail data). Based on the de-identified member data and the associated retail data, we conduct our consumer portrait analysis, such as the purchase frequency and preference, for the provision of our solutions. Our SIC Services Agreements do not specify a contract term and remain effective until they are suspended or terminated. See “—Our Business Segments—Smart Retail Cloud” in this section.

These arrangements are crucial to our big data construction. For the year ended 31 December 2021, data collected from our partnering pharmacies constituted more than 2.7 billion data entries stored in our Tiangong No.1 data warehouse, among which, over 80% was collected from our SIC users on a daily basis and the remaining was collected pursuant to the CMH Cooperation Agreements and Non-disclosure Agreements on a monthly basis. Our partnering pharmacies increased from 496 as at 31 December 2019, 759 as at 31 December 2020 and further to 1,072 as at 31 December 2021, while the retail pharmacy stores covered increased from 25,157 as at 31 December 2019, 37,703 as at 31 December 2020 and further to 52,882 as at 31 December 2021. As at the Latest Practicable Date, our partnering pharmacies covered 63,234 stores in 29 provinces and 299 cities, accounting for approximately 11.4% of the total number of pharmacy stores in China in 2020, which was approximately 554,000, according to the National Medical Products Administration, while approximately 10.8% of our partnering pharmacies were major chain pharmacies that record a revenue of more than RMB0.2 billion per year based on our estimation. According to the iResearch Report, as at 31 December 2020, the GMV of our partnering pharmacies was approximately RMB46.1 billion, accounting for approximately 10.5% of that of China’s total retail pharmacies in 2020. Retail pharmacies correspond with the out-of-hospital circulation of drugs and equipment, which, according to the iResearch Report, is expected to continue increasing as a percentage of the total circulation of drugs and equipment. In 2020 and 2021, out-of-hospital circulation of drugs and equipment accounted for approximately 37.5% and 38.9% of the total circulation of drugs and equipment market in China, respectively.

The following table sets forth a breakdown of our partnering pharmacies as at the dates indicated.

	As at 31 December						As at the Latest Practicable Date	
	2019		2020		2021		Number of retail pharmacies	Number of stores
	Number of retail pharmacies	Number of stores	Number of retail pharmacies	Number of stores	Number of retail pharmacies	Number of stores		
Based on CMH Cooperation Agreements and Non-disclosure Agreements	66	4,865	95	7,523	136	8,945	151	12,261
Based on SIC Services Agreements	430	20,292	664	30,180	936	43,937	1,106	50,973
Total⁽¹⁾	496	25,157	759	37,703	1,072	52,882	1,257	63,234

Note:

- (1) As at 31 December 2021 and the Latest Practicable Date, the number of the stores of our partnering pharmacies accounted for approximately 9.5% and 11.4% of the total number of pharmacy stores in China in 2020 according to the National Medical Products Administration.

Data Governance

Our Sinohealth Engine provides technological support to our data governance. We have designated employees who focus on data governance, AI programs design and development, as well as technology maintenance. Most of our data governance is devoted to data cleansing, identifying usable data and connecting and integrating the right data. In recognition of our big data capabilities, we are on the 2020 Big Data Enterprise Panel List issued by Guangzhou Municipal Industry and Information Technology Bureau in December 2020. Our data governance, including data classification, data processing and policy enforcement, is designed with an industry-specific focus.

Data Classification and Standardization

We formulate and implement our data classification and quality rules to ensure the consistency in data sourcing, data standardization and to apply sensitivity controls. Such rules include:

- data availability — instructions and requirements from us to our partnering pharmacies regarding mandatory and optional data items, categories, levels of details and de-identifications. Our partnering pharmacies de-identify data before providing it to us. We will check whether the raw data includes personal and private information. We strictly follow our de-identification standard that is set based on Information Security Technology—Guide for De-Identifying Personal Information (GB/T 37964-2019) (《信息安全技術個人信息去標識化指南》), the Information Security Technology—Personal Information Security Guidelines (《信息安全技術—個人信息安全規範》), Cybersecurity Law and other applicable laws and regulations.
- data quality and standardization — our coding and classification rules which are formulated in accordance with official references including (i) the Naming Principles for Chinese Approved Drug Names (《中國藥品通用名稱命名原則》) and Pharmacopoeia of the People's Republic of China (《中華人民共和國藥典》) issued by Pharmacopoeia Commission of People's Republic of China; (ii) The Catalogue of China's Marketed Drugs (《中國上市藥品目錄集》) issued by the China Food and Drug Administration, being the predecessor to the National Medical Products Administration; and (iii) drug data enquiry through the National Medical Products Administration, with the involvement of our data quality and standardization team which consists of our talents with both healthcare and IT expertise. As at the Latest Practicable Date, there were 14 dimensions in our coding and classification rules, including medicine category, standardized unit, manufacturer, packaging unit and material, which are intended to cover diversified forms of medical products.
- data granularity — we require that our data is denoted down to the smallest unit and is identifiable to the active constituent to ensure the richness and diversity of our data labels. We require that our data is sourced, processed and stored to the most detailed level, which enables us to aggregate and disaggregate granular data to meet the needs of different application scenarios and derive the highest analytic value for future analysis. As the data becomes more subdivided and specific, it is also considered more granular. These rules also apply to data storage which has more subdivided fields for the analytics use.

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- data identification procedure — our data governance platform guide aims to capture all scenarios and possible variations of how data is written in the real-world in order to streamline and standardize the data process. For example, we apply a set of hierarchy in the process of data identification and cross-check with existing data — first, we identify specification, name of merchandise and manufacturer. If we are unable to categorize a specific piece of data based on the above, we then check on the bar code. In the event that any inconsistency is identified, the next resort is the official governmental approval number which is issued by the governmental authority.

Based on the raw data acquired from our data sources which could be structured or unstructured, our system updates our master and retail market databases once new data is uploaded, creating new sets of data and/or supplementing existing data sets. Meanwhile, we conduct coding and tagging throughout our system which thereby enrich our data warehouse.

Data Processing

Clean data lays an important foundation to our data analytics and is crucial to achieve an outcome from machine learning capabilities. In December 2018, we received a Certificate of Computer Software Copyright Registration (計算器軟件著作權登記證書) issued by National Copyright Administration of the PRC (中華人民共和國國家版權局) for our Data Cleansing System based on Deep Learning.

Our goal of data cleansing is to standardize unstructured data to structured data. We observe the unique characteristics and business processes in the healthcare industry during our data processing. Over 98% of our data processing on average is obtained through machine processing, enhancing our efficiency while reducing human error. With our AI technologies, we are able to optimize our data processing efficiency.

Quality Control

As at the Latest Practicable Date, our data quality control team consisted of 51 members who were familiar with the data used in the healthcare industry. We strictly implement our data governance policies to ensure the quality of our big data (availability, validity, consistency, accuracy, timeliness and uniqueness), proper big data administration and compliance with de-identification requirements and other relevant laws and regulations.

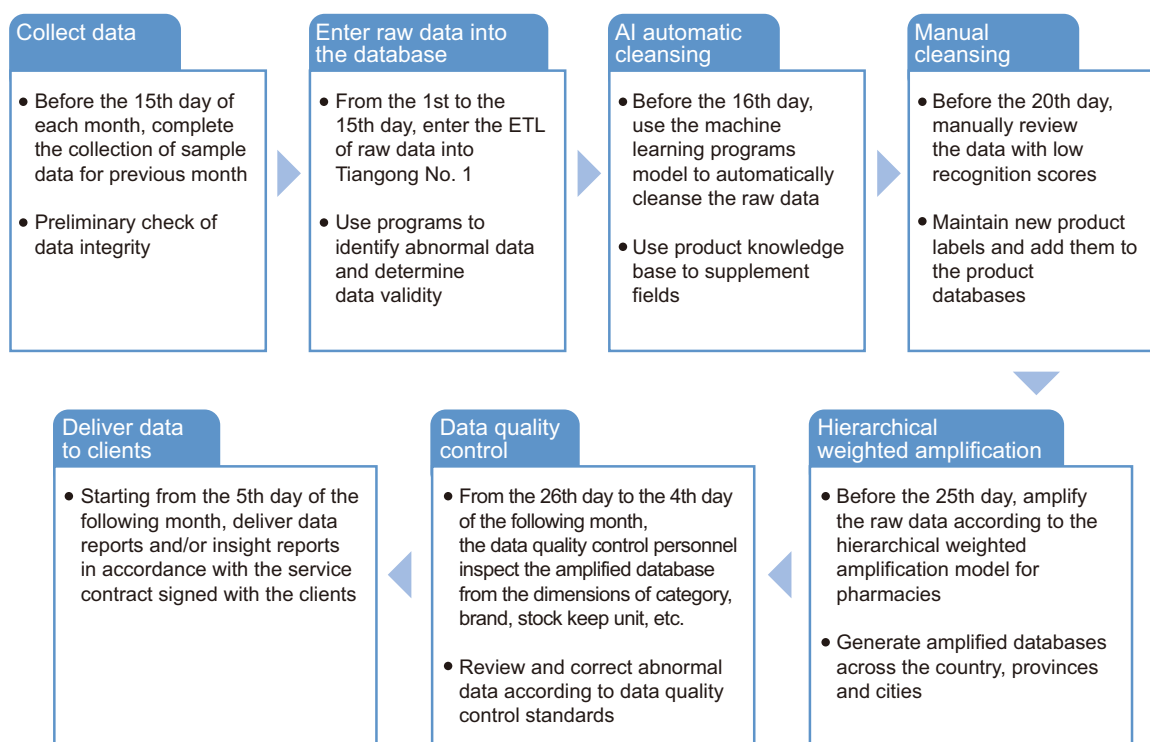
We harmonize data classification and standardization throughout our systems. In addition, we have developed strong capability of data checks and controls to establish data lineage (i.e., we are able to provide visibility of data location, volume and tagging and to track flow of data within our systems), which further enables us to fix bad data more easily.

We have designed and developed programs and metrics to automatically detect anomalous data and possible errors. We utilize AI technologies including machine learning to enhance our quality control. Our key quality control steps include (i) core brand data cross-check through comparing data of the same dimension including average price, price movement and location. For example, we are able to spot a problem if the unit price of a drug in a small volume is higher than that of the same brand but in a bigger volume; (ii) general quality control procedure through

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cross-checking unit price, sales volume and market penetration rate; and (iii) overall assessment through checking deviation from data of an amplified layer. In addition, we conduct site visits from time to time and gather first-hand information of the neighborhood, consumer traffic and actual operations of the offline pharmacies. We also gather feedback from our clients in relation to the accuracy and completeness of our data insights.

The following chart illustrates the major data governance procedures for data obtained from our partnering pharmacies.



Data Analytics

After data cleansing, our big data is processed to derive data analytics, which are then used to generate actionable insights. We offer support to a vertical healthcare industry chain of medical treatment, medicine and related supplies, patient education and health management.

We provide clients with an opportunity to interact with data via visualizations such as dashboards that structure data to deliver analysis of medical products, such as averages, ratios and percentages. The small granularity of our big data allows us to aggregate data in order to report a more in-depth result, search for a pattern and find relationships between variables. We design assumptions and data is queried to attest to that relationship.

Further, as more healthcare big data is processed, data analysis capabilities of our models improve our accuracy and efficiency. Predictions are based on historical data and rely on our past records to test data, validate patterns, create and test assumptions. Our predictive insights derived from data analytics add value to our clients because they can help predict marketing effectiveness and provide basis for decision-making regarding brand competitiveness, market potential and target consumers.

Data Security and Privacy

We are committed to protecting our databases and systems, as well as the information and privacy of clients, users and other participants on our platforms. Our policies place strong emphasis on complying with national standards required by the applicable PRC laws and regulations relating to cyber security and personal data. We have developed and implemented comprehensive internal policies and measures to standardize the handling and management of our data to ensure the security, confidentiality and integrity of the data we gain access to and the stability and reliability of our solutions and products, and to ensure user privacy and data security and to comply with applicable cybersecurity and data privacy laws and regulations. Details of these measures include:

- ***Security and system certification.*** Our architecture, system and platform which are used for our solutions and products have obtained Grade 3 Information System Security Graded Protection Certification from Guangzhou Municipal Public Security Bureau, and therefore, as advised by our PRC Legal Advisers, all of the databases used for our solutions and products have satisfied the requirements under Grade 3 Information System Security Graded Protection Certification. As advised by our PRC Legal Advisers, since the operating entities of our information systems are established and registered in Guangzhou, according to the Administrative Measures for the Graded Protection of Information Security (《信息安全等級保護管理辦法》), Guangzhou Municipal Public Security Bureau is the only competent authority to grant the certification. Pursuant to the Administrative Measures for the Graded Protection of Information Security (《信息安全等級保護管理辦法》) and the Guidelines for Grading of Classified Protection of Cyber Security in Information Security Technology (《信息安全技術網絡安全等級保護定級指南》) (GB/T22240–2020), the operator of an information system shall determine the security protection grade of the information system, and report the grade to the relevant department for examination and approval. The grading of the classified protection of the information systems are determined based on two elements, namely what can be affected and how serious the consequences would be, if the information systems are damaged. This grading is determined by stringent evaluation of the level of protection, security, and other technical and security management requirements such as security auditing and confidentiality of communications. Grade 3 Information System Security Graded Protection Certification is the highest recognized level of certification for non-bank institutions. It demonstrates our capabilities in information and infrastructure security, in particular, that our technical solutions and security management have satisfied the strictest national criteria of information system protection for non-bank institutions in all requested aspects, including but not limited to (i) the physical environment (such as our server room in Guangzhou where the servers of our Tiangong No.1 data warehouse operate); (ii) communication network (such as wide area network, local area network); (iii) network border (such as network port, communications link); (iv) internal network environment (such as router, firewall, server); and (v) data protection (in respect of our communication and storage of all data that are used for our solutions and products including those collected from our nationwide network of partnering pharmacies). Also, our Sinohealth Jianshu has been appraised at CMMI Maturity Level 3 of the Capability Maturity Model Integration for Development (Staged), Version 2.0 which is effective until 5 February 2024. It demonstrates that our software center has formulated a standard internal procedure and established an integrated system to proactively improve the software development and maintenance.
- ***Infrastructure stability and security.*** Our policies set out comprehensive security precautions to ensure the stability and security of our infrastructure and data. To implement our policies, we have constructed our internal network in accordance with

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design principles to satisfy the need for high performance, high scalability, high reliability, and ease of maintenance. Our internal network is also divided in different areas based on security considerations, such as areas for our databases, general office, secure desktop, and storage, and each area is guarded by 24/7 security and protected by a firewall and a layer 3 switch. The server, databases, and core firewall are also physically separated from other areas in the server room, which can only be accessed by authorized IT administrators. We perform daily backups of all our operating data using an enterprise-level data protection software product that unifies and automates backup across physical and virtual environments for disaster recovery. We have a protocol for operation and maintenance management, monitor and alert mechanisms, network security management and disaster recovery. We have established a designated emergency unit, escalation protocol and business continuity mechanism in case of any major catastrophic event, including natural or unnatural disasters that could lead to various business interruptions, such as power failure, network failure, or server power outages. The designated emergency unit is responsible for reviewing the implementation of the business continuity mechanism after the occurrence of a major catastrophic event and providing findings and recommendations.

- **Data security architecture, network security and management.** To implement our data stability policy, our large database is stored on a closed platform environment that we created and is disconnected from the external internet. We believe this private cloud environment enables us to have the control, security, flexibility and isolation required for our business, while also allowing more control over access and usage of our solutions and products. The risk of external unauthorized access or attacks is further reduced by use of firewalls, IP whitelists, and a bastion host. We have also implemented advanced logging and monitoring, data encryption, regular security audits and other mechanisms to ensure proper recording of data operation and compliance with national data security standards. There are four different security levels for different types of data on the platform, and the database can only be accessed by certain designated and authorized personnel after assessment and approval procedures, whose actions are recorded and monitored correspondingly. Applications are reviewed first by a direct supervisor, which is followed by a review by responsible vice presidents in the business departments and subsequently by heads of data security. We also store our processed data in the self-constructed private cloud.
- **Vetting integrity and quality of data from external sources.** Our data governance policies require any data that has been identified as abnormal through our programs must be reviewed manually before it is used. In some cases, we may contact the partnering pharmacies to examine whether there were any issues with the source or if input had been altered manually prior to the data being provided to us. We maintain our own data platform that is separate from those of our clients and research partners.
- **De-identification technology.** Our partnering pharmacies de-identify their data before it is exported into our database. We further apply our de-identification technology to the data we collect from each of our partnering pharmacies, including those who enter into the CMH Cooperation Agreements and Non-Disclosure Agreements or are our SIC users. Our de-identification technology meets the national standards in dealing with personal information, which allows for encryption or deletion of personally identifiable information, including names, addresses, phone numbers, ID numbers, email addresses, in accordance with the Network Security Law of the People's Republic of China, the Guide for De-identifying Personal Information in Information Security Technology (GB/T 37964-2019) (《信息安全技術個人信息去標識化指南》) and other applicable Chinese laws and regulations. We will generate a serial

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number for each individual by irreversibly encrypting the identification information field, which will be used as the individual's master index or main identifier and does not contain any personally identifiable information. De-identified data is indexed using these numbers instead of personally identifiable information, and as this transformation cannot be decrypted or reversed, it is not possible to retrieve the personally identifiable information through the de-identified data. In addition to the personally identifiable information, we also apply our de-identification technology to ensure the encryption of any information that can be linked to or cause a particular store to be identifiable, in accordance with the CMH Cooperation Agreements and Non-Disclosure Agreements, and the SIC Services Agreements.

- ***Internal control over data access and usage.*** Our internal control protocols cover the full lifecycle of data processing including data collection, data quality management, data encryption and transportation, data storage security, data backup and recovery, data processing and analytics, proper use of data, data destruction and disposition. We manage access to personal data based on strict necessity and maintain records of data access. We require all our employees to attend regular trainings, 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.

As at the Latest Practicable Date, we engaged 56 employees (including the entire data quality control team and five members of our research and development team) to ensure data security, most of whom had related experience of over five years. We also engaged our legal department, which comprised four employees with an average legal experience of approximately nine years, to ensure our compliance with the national standards required by the applicable PRC laws and regulations relating to cyber security and personal data.

During Track Record Period and up to the Latest Practicable Date, we had not been ordered to make any rectification or imposed any other administrative penalties by the CAC, and there had not been any actual or potential impact of the recent halt by CAC in relation to user data collection practices on our operations as we were not the subject of the halt or rectification requests that mainly targeted companies operating apps for individual users and our operations generally served corporate clients during the Track Record Period.

View of our PRC Legal Advisers

Our PRC Legal Advisers, after reviewing relevant agreements and policies provided by us and based our confirmation on certain facts relating to our operation, are of the view that our operation is in compliance with all the applicable PRC laws and regulations governing data protection and privacy including the PIP Law and the Data Security Law in all material respects, based on the facts as set out above and the following:

- ***For retail data provided by retail pharmacies to our CMH and SIC systems.*** Pursuant to the CMH Cooperation Agreements and Non-disclosure Agreements, we enter into with retail pharmacies for data cooperation, those pharmacies agree to provide us with their retail data on a regular basis. Also, each of our SIC users, before using our SIC, is required to enter into our SIC Services Agreements. Pursuant to the SIC Services Agreements, our SIC users agree that we are allowed to collect and manage data, conduct data analysis for the purpose of serving the healthcare retail industry. During Track Record Period, we had not violated the relevant provisions of these agreements.

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- ***For de-identified members data provided by SIC users.*** Our SIC users which provide their member data to us have maintained member service agreements, inform the consumers of the purposes, methods and scope of collecting, using and sharing their information and obtained the consumers' consent when they decide to become members of our SIC users. Pursuant to the SIC Services Agreements, each of our SIC users is required to agree before using our SIC products that we are allowed to collect, manage, analyze and use the data they provide to us in our products for the purpose of serving the medical retail industry provided that we de-identified such data. As the receiving party of the de-identified member data, we further de-identify these data, and process these data in consistent with the purpose, method and information types prescribed under the SIC Services Agreements. During Track Record Period, we had not violated the relevant provisions of the SIC Services Agreements.
- ***For certain information of physical examination report provided by AI-MDT clients.*** We are entrusted by the data owners, our AI-MDT clients (the private medical examination institution) to process information extracted from physical examination reports of the individuals who receive physical examination conducted by our AI-MDT clients. We do not collect or store personal information and examination reports on our servers. We process the data strictly in accordance with the purposes and methods specified in the agreements between AI-MDT clients and us, and we do not use such data for any other purpose which is not agreed upon in such agreements or provide such data to any third party without authorization of AI-MDT clients.
- ***For personal information provided by event participants.*** In our Data-driven Publications and Events business, we collect, store, process and analyze certain personal information of event participants in operating Industry Events through Healthcare Link upon their authorization. We have maintained personal information protection policy, including (i) informing the users of our purposes, methods and scope of collecting and using their personal information and obtained the users' consent; (ii) providing convenient ways for users to withdraw the consent; (iii) obtaining the users' consent if we will provide any parties with the personal information we processed; (iv) providing ways for the users to consult and duplicate their personal information; and (v) providing ways for the users to request us to correct or supplement relevant information if their personal information is incorrect or incomplete. We do not use the data for any purpose that has not been consented to by the users or is not necessary for our service provision to the users.
- ***For the information we collect from public resources.*** We do not use special internet methods or technologies to collect these information that is not public in accordance with laws and regulations or requires pre-procedures or special permission.
- ***Other data security and privacy measures.*** We have (i) established and developed relevant internal control measures, internal management rules and operating rules of personal information protection, such as rules relating to data security education and training, risk assessment, and emergency response plans for personal information security incidents; and (ii) taken necessary measures, such as encryption and

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de-identification, and classification management, to protect information security in relation to the collection, processing, use and provision of relevant data. See “—Big Data—Data Security and Privacy” in this section. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties for violation of laws and regulations concerning personal information protection.

Based on the above, our Directors are also of the view that during the Track Record Period and up to the Latest Practicable Date, our operations were in compliance with all applicable PRC laws and regulations governing data protection and privacy including the PIP Law and the Data Security Law in all material respects.

HEALTHCARE INDUSTRY PARTICIPANT NETWORKS

Our Healthcare Industry Participant Networks refer to our well-recognized Industry Events and Media Channels, which enable interaction and dialogs amongst a wide range of industry participants such as pharmacies, medical product manufacturers, investment institutions, experts and media, assisting our clients in promoting their brands and products. Meanwhile, through our Healthcare Industry Participant Networks we are able to establish network with industry participants, promote our solutions and products and further implement precise connection for our clients during the provision of our solutions and products within our Data-driven Marketing Solutions and Data-driven Publications and Events.

Industry Events

Our Industry Events consist of the Industry Prospect Events, Merchandise Trading Events, Retail Sales Events, as well as other events in smaller scale we organize throughout the year:

- **Industry Prospect Event.** The Industry Prospect Event is our flagship event. It is a sizable and influential event focusing on industry prospects and is of high standard. It aims to provide industry participants with precise connection with their potential business partners and investors through speeches, exhibitions and other networking activities. The Industry Prospect Event focuses on latest industry reform and development and provides attendees with an understanding on the market prospect and business expansion strategies accordingly. Attendees of our Industry Prospect Events are primarily senior management and executives of medical product manufacturers, major retail pharmacies, investment institutions, etc, covering a wide range of healthcare industry participants. During the Track Record Period, we had over 300 speakers for each Industry Prospect Event including academic and business pioneers in healthcare industry, researchers from national healthcare institutions, as well as executives of investment institutions and technology companies, so as to provide the attendees with a multi-angle interpretation on the industry’s situation and prospects. Our Industry Prospect Events provide “decision-making” and “connection” support to participants underpinned by cooperation, innovation, technology, research and capital. It is hosted annually in Qionghai, Hainan province with an average number of core attendees of over 2,600. As at the Latest Practicable Date, we had successfully hosted 14 Industry Prospect Events.

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- **Merchandise Trading Event.** Our Merchandise Trading Event is a sizable and influential healthcare merchandise trading event in China. It focuses on establishing a highly efficient supply chain for the retail markets. Our Merchandise Trading Event provides insights on the retail market development and pharmaceutical supply chain, aiming to facilitate a large number of business transactions. Attendees of our Merchandise Trading Events are primarily senior management and executives of medical product manufacturers, regional and local retail pharmacies, logistic companies, etc, which cover the healthcare industry participants that are involved in the retail supply chain. Our attendees are carefully solicited based on our big data to ensure the scale of event and that the background of attendees matches the event purpose of merchandise trading. During the event, we arrange brand promotion for medical product manufacturers so as to give the retail pharmacies an understanding on their market value. We select retail pharmacies who satisfy the retail demand of the medical product manufacturers based on our analysis on its distribution and organize one-on-one business meetings or dialogs accordingly for them to further establish business cooperation. During the Track Record Period, we engaged approximately over 100 speakers for each Merchandise Trading Event including those from well-known retail pharmacies, medical product manufacturers, consulting firms, etc. Our Merchandise Trading Event is hosted annually. The number of core attendees increased significantly from approximately 1,800 on average in each year of 2019 and 2020 to approximately 3,500 in 2021. It is mainly due to our strategic adjustment on the event positioning to engage more small scale retail pharmacies as attendees. As at the Latest Practicable Date, we had successfully hosted seven Merchandise Trading Events.
- **Retail Sales Event.** Our Retail Sales Event is a retail traffic event in the healthcare industry. Summits and conventions during our Retail Sales Events focus on the topics regarding the marketing strategies and relations between the retail pharmacies and the consumers. Attendees of our Retail Sales Events are primarily senior management and executives of retail pharmacies, marketers, major online platforms for healthcare industry and leading digital marketing providers, etc. It aims to help the medicine retail industry integrate various resources and further implement new dynamic sales models such as “online + offline” and “in store + out of store” that are more consumer-centered. During our Retail Sales Events, we engage enterprises that operate major social media or online retail channels in sharing experiences and strategies to retail pharmacies for enhancing the sales performance though online platforms. It provides a platform for interaction and dialog amongst retail pharmacies and these enterprises so as to help retail pharmacies understand the influence of online platforms on the sales of medicines and establish cooperation with social media and online retail channels to enhance their retail performance. In 2021, we engaged approximately 120 speakers for our Retail Sales Event who have considerable expertise in consumer marketing. Retail Sales Events were usually hosted twice a year with an average number of core attendees of approximately 700 for each cohort in 2019 and 2020 and approximately 1,000 in 2021. Due to our strategies of streamlining the resources and enhancing the event scale, we decided to hold our Retail Sales Event once a year since 2021. As at the Latest Practicable Date, we had successfully hosted eight Retail Sales Events.

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Media Channels

Our proprietary Media Channels, including primarily New Health World (新康界), Physician Weekly (醫師週刊), The No. 1 Pharmacy Wise (第一藥店財智) and The Pharmacy Folks (藥店人), are official online media accounts allowing publications of our proprietary media content, advertisements and interactive functions. Our Media Channels have their own unique market positionings and followers, and individually and collectively serve various purposes for our clients. For example, The No.1 Pharmacy Wise is an official account available on WeChat and Toutiao. It is a “handheld think tank” designed and developed specifically for senior management of retailers and distributors in the healthcare industry. It is a unique platform where cutting-edge industry research, hot topic analysis and retail techniques are exclusively published. It had over 171,000 followers on WeChat as at the Latest Practicable Date with over 21% frequent users, including those who are “celebrities” in the medical retail industry. Its published articles regularly recorded high views. We hire writers with deep understanding of the industry to prepare content for The No.1 Pharmacy Wise. We also use our big data in content production. The Pharmacy Folks is an account available on WeChat featuring training resources, sharing and online communications to staff of pharmacies. It had over 349,000 followers as at the Latest Practicable Date, among which approximately 34% were frequent users. It provides online training courses through a leading online video platform in the PRC to staff of pharmacies to equip them with general and specific medical knowledge and sales techniques, as well as tailor-made training programs to familiarize staff with a particular brand and its products. This training enable more productive and effective sales with lower costs. In addition, each of our New Health World and Physician Weekly that are respectively targeted to investors and medical practitioners had approximately 116,000 and 100,000 followers, respectively, as at the Latest Practicable Date. We believe that our Media Channels help both pharmacies and medical product manufacturers promote their sales and in turn achieve their business needs.

COMPETITION

According to the iResearch Report, China’s healthcare insight solutions market is relatively fragmented. The low concentration benefits leading market players that are well-positioned to compete in the industry. There are approximately 800 to 1,000 companies operating in the healthcare insight solutions for medical products and channels. According to the iResearch Report, this fragmentation is expected to be temporary as smaller companies will gradually be eliminated, and high barriers to entry exist due to competition between companies in their abilities to form and leverage networks and channels, to develop and implement data technology, and to hire and retain professional and skilled talent. In terms of entry barriers for competitors to enter the market and the ability to source quality healthcare big data, companies that have accumulated more data and project experience, possess access to a more complete industry chain, retain multi-disciplinary professionals, and have big data processing technology would have substantial advantages. The healthcare insight solutions market will present a more diversified market competition pattern, and the depth, breadth, and diversification of databases will become key elements of industry competition. In addition, the network and number of medical product manufacturers served are the core area of competition of this segmented market.

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Leveraging our big data and technologies, we believe that we are positioned favorably against our competitors and other industry participants in China's healthcare insight solutions for the medical products and channels market. We obtain healthcare big data from retail pharmacies and have rich resources in medical product manufacturers. We have an absolute advantage in the number of medical product manufacturers covered. See “—Our Strengths” in this section. Our competitors may compete with us in a variety of ways, including by launching competing solutions or products, expanding their offerings or functionalities, conducting brand promotions and other marketing activities and making acquisitions. In addition, industry participants compete with us on the basis of reputation, technological capabilities, experience, service quality, and client network. Some of our competitors are large, established companies who may be better capitalized than we are. We differentiate ourselves from our competitors in China's healthcare insight solutions market by offering products based on our big data sourced from comprehensive coverage of the entire healthcare industry chain. In addition, our data processing capabilities are reflected in our average turnaround time for report deliverables for our Data Insight Solutions, which is approximately 35 to 45 days, while the industry average is generally 40 to 60 days. Compared to our competitors, our data insight reports are also prepared from a database containing a large number of sample pharmacies and relevant data, with accumulated data of over 20TB, compared to 1 to 10TB of accumulated data for an average industry player. Our automatic data cleansing rate is over 95% compared to an average of approximately 75-80% for other industry players. Our level of detail gathered for data is also more granular than other industry players, as above 80% of data we collected from retail pharmacies was at the level of individual orders, while the remaining was at the monthly summary report level as at the Latest Practicable Date. For other industry players, in general, the majority of data collected would only be at the monthly summary report level.

Large, broad and diversified databases are essential to leading healthcare insight solutions providers and differentiate the leaders from other market players. Cutting-edge technologies such as machine learning, AI and cloud computing allow healthcare insight solutions providers to continuously upgrade their data processing and analytics capabilities, leading to better value creation and more diversified offerings and application scenarios. See “Industry Overview” in this prospectus.

INTELLECTUAL PROPERTY

We believe that our brands together with our technology, including our proprietary healthcare data processing and analytics capabilities, as well as our trademarks, copyrights, patents, domain names, know-how, other proprietary technologies, and other intellectual property rights are critical to the success of our business operations. We protect these through a combination of copyright, trademark, patent, trade secret and other intellectual property laws as well as confidentiality agreements with our employees, suppliers, clients, business and research partners and others. The agreements we enter into with our employees also provide that all inventions, developments, works of authorship and other intellectual properties created by them during the course of their employment are our property.

As at the Latest Practicable Date, we had 188 registered trademarks, 98 registered copyrights for software products, eight registered copyrights for works, 11 patents and 43 registered domain names, including our primary website www.sinohealth.com, www.sinohealth.cn, as well as sinoxk.com and aimdt.net, among others. We also had 15

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trademarks and 31 patents which were under application for registration in the PRC that we believe are material to our business. See “Statutory and General Information—B. Further Information about Our Business—2. Intellectual Property of Our Group” in Appendix IV to this prospectus.

We take a pro-active and robust approach to protecting our technology and proprietary rights, including through a combination of internal policies, confidentiality agreements, encryption and data security measures, as well as a legal and compliance team responsible for management and protection of intellectual property rights. This team is responsible for guiding and supervising intellectual property protection matters in other departments, registering new intellectual property, reviewing agreements to ensure proper protection of intellectual property, and handling potential disputes. In addition to proper registration of our intellectual property rights, we also rely on trade secrets protection and contractual restrictions to safeguard our intellectual property rights. In agreements between us and our clients or business partners, we clearly specify our ownership of our intellectual property to protect and prevent others from infringing on our intellectual property. We closely monitor and collect information on any instances of infringement on our intellectual property rights or attempts by others to register the same or similar intellectual property as ours. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises in addition to security of our technology systems.

We regularly review material published on our websites, mini-programs or through other marketing channels to ensure that we have received authorization for use of any third-party content. The legal and compliance department is responsible for maintaining a database of any intellectual property we have licensed. We also provide regular training for our employees on intellectual property compliance topics to prevent any unauthorized use or infringement of intellectual property rights of third parties.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material intellectual property infringement claims. See “Risk Factors—Risks Relating to Our Business and Our Industry—We may be subject to intellectual property infringement claims brought against us by others.” in this prospectus.

EMPLOYEES

As at 31 December 2019, 2020 and 2021 and as at the Latest Practicable Date, we had a total number of 340, 437, 624 and 673 employees, respectively. The increase in the number of our employees during the Track Record Period was primarily due to our expansion of our solutions and products team and research and development team in response to our business needs. As at the Latest Practicable Date, 28, 54 and 111 of our employees possessed medical expertise, medicine expertise and computer science expertise, respectively. Our specialized talents have more than six years’ experience on average. Our employees are located in Guangzhou and Beijing.

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The following table sets forth the aggregate number of employees, categorized by function, and the percentage of each category of our total employees as at the Latest Practicable Date.

Function	Number	Percentage of Total
Solutions and Products	270	40.1%
Research and Development	251	37.3%
Sales and Marketing	89	13.2%
General and Administrative	63	9.4%
Total	673	100.0%

We embrace diversity and focus on equal opportunity during our recruitment process. We also highly value our employees and place an emphasis on the development of our employees. In order to advance the skills and knowledge of our employees as well as to explore new potential from within our workforce, we invest in continuing education and training programs for our management and other staff members to update their skills and knowledge periodically. Generally, our training focuses on matters relating to our operations, technical knowledge, intellectual property protection and work safety standards. We have also established various internal professional committees with themes such as pharmacy and medicine, data and technology, and industry development, to promote our employees' professional development and encourage exchange of information.

The remuneration package of our employees includes basic salary, performance bonuses and allowances. We determine employee remuneration based on factors such as competency, performance, qualifications, expertise and years of experience. We typically enter into employment contracts and confidentiality agreements with our employees.

We participate in and make contributions to housing funds and social insurance contribution plans organized by the relevant local municipal and provincial governments, including pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing fund plans. For the years ended 31 December 2019, 2020 and 2021, the total amount of our welfare contribution provided was approximately RMB7.5 million, RMB4.3 million and RMB14.6 million, respectively.

During the Track Record Period, we failed to make full contributions to social insurance and housing provident fund for our employees in accordance with the relevant PRC laws and regulations. As at 31 December 2019, 2020 and 2021, the aggregate shortfall amount was approximately RMB6.0 million, RMB6.7 million and RMB13.1 million, respectively, and relevant provision has been made in our historical financial information.

Pursuant to the relevant PRC laws and regulations, the under-contribution of social insurance within a prescribed period may subject us to a daily overdue charge of 0.05% of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount. Pursuant to the relevant PRC laws and regulations, if there is any failure to pay the full amount of housing provident fund as required, the competent authority 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.

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According to the consultation conducted by our PRC Legal Advisers with the State Administration of Taxation (Guangzhou Taxation Bureau) and Guangzhou Housing Provident Fund Management Centre in May 2021, being the competent authorities providing consultation for social insurance and housing provident fund respectively as advised by our PRC Legal Advisers, (i) the social insurance and housing provident fund contributions was made by relevant subsidiaries in Guangzhou in compliance with the respective laws, regulations and/or relevant local policies and requirements, we had made full social insurance and housing provident fund contributions or we had no outstanding social insurance and housing provident fund contributions; and (ii) no administrative penalty has been imposed.

As at the Latest Practicable Date, we had not received any notification from the relevant PRC authorities alleging that we had not fully contributed to the social insurance premiums and housing provident funds and demanding payment of the same before a stipulated deadline. We were also not aware of any employee's material complaints or demands for payment of social insurance premiums and housing provident fund contributions, nor had we received any legal documentation from the labor arbitration tribunals or the PRC courts regarding disputes in this regard, which may have a material adverse effect on our business, financial position and results of operations.

On September 21, 2018, the Ministry of Human Resources and Social Security of the PRC issued the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilization 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》), which promotes the reduction in the amount of social insurance contributions by companies to avoid overburdening enterprises, and prohibits local authorities from requiring enterprises to make up for historically underpaid or unpaid social insurance contributions in one go.

Based on the above, our PRC Legal Advisers are of the view that there is a low risk that the relevant authorities having been consulted as aforementioned will demand us to settle the shortfall or impose any administrative penalty on us in respect of the under-contribution of social insurance and housing provident fund.

In light of the above, our Directors believe that such non-compliance incident will not have a material financial and operational impact on us.

To prevent the recurrence of any such non-compliance incident, (i) we have adopted a relevant internal control policy with regard to social insurance and housing provident fund contributions; (ii) we have designated personnel of our human resources department to closely monitor our ongoing compliance with the laws and regulations relating to social insurance and housing provident fund contribution and oversee the implementation of relevant policies; and (iii) we will arrange regular training for our Directors, senior management and the responsible personnel on the latest regulatory development in this regard. Our Directors confirm that the Group will make full contribution to social insurance and housing provident fund for our employees in accordance with PRC laws and regulations after Listing.

We believe that we maintain a good working relationship with our employees and during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material labor disputes nor received any relevant complaints, notice or orders from relevant governmental authorities or third parties that have materially interfered with our operations.

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PROPERTIES

Our corporate headquarters is located at Room 1111, No.5 Wangjiang Second Street, Huangge Town, Nansha District, Guangzhou, Guangdong Province, China. As at the Latest Practicable Date, we did not own any properties and leased (i) 18 units located in Guangzhou, Guangdong province with an aggregate gross floor area of approximately 3,302.4 sq.m., and (ii) six units with an aggregate gross floor area of approximately 488.3 sq.m. in Beijing which were used for office purposes. These leases generally have expiration dates ranging from March 2023 to November 2025.

We have implemented enhanced internal control measures, such as requiring provision of title documents or other valid authorization from lessors and/or competent authorities prior to leasing properties. As at the Latest Practicable Date, we failed to register certain lease agreements as the tenant, including the leases in connection with our office premises. See “Risk Factors—Risks Relating to Our Business and Our Industry—We face certain risks relating to the real properties that we lease.” in this prospectus.

As at 31 December 2021, none of the properties leased by us had a carrying amount of 15% or more of our total assets, and 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 prospectus 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 Group’s interests in land or buildings.

INSURANCE

We provide social security insurance policies for our employees in the PRC, including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance, medical insurance and housing funds. In addition, we may also provide group accident insurance for our employees. See “—Employees” in this section. In addition, we expect that we will maintain directors’ and officers’ liability insurances for the executive Directors and executive officers of our Company on or before Listing.

During the Track Record Period, we had not maintained insurance policies which cover potential losses or damages in respect of our operations including our servers, computers and other properties owned by us. For risks relating to limited business insurance coverage, see “Risk Factors—Risks relating to our Business and Our Industry—We have limited insurance coverage.” in this prospectus. With the expansion of our business and potential new risk exposures, we may take out other insurances as our Directors deem appropriate. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material business interruptions and we had not been subject to significant losses due to limited insurance coverage.

HEALTH AND SAFETY AND ENVIRONMENTAL MATTERS

Due to the nature of our business, we do not believe that we are subject to significant occupational health and safety and environmental matters. To ensure compliance with applicable laws and regulations, we would, if necessary and after consultation with our legal advisers, adjust our policies to accommodate any material changes to relevant labor and safety laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines or other penalties due to non-compliance with health, work safety or environmental regulations and our PRC Legal Advisers have advised that, during the same period, we complied with all relevant PRC laws and regulations in all material respects.

Our ESG Policy

We are committed to integrating the concept of sustainable development into our business decisions and daily operations and have adopted a set of policies on environmental, social and corporate governance (the “**ESG Policies**”), which sets forth relevant objectives and guidance for our daily operations. Our Board supports our commitment to fulfilling our environmental, social and corporate governance (“**ESG**”) responsibilities and is responsible for setting the overall direction of our ESG strategies and ensuring their effectiveness. Our Board will also monitor the performance of our Group in achieving ESG goals and objectives, as well as the latest ESG disclosure requirements and regulatory compliance. The Audit Committee is responsible for revising and evaluating the implementation of our ESG Policies. We intend to establish an ESG management sub-committee of the Board after listing, which will be led by Mr. Wu, our chairman and an executive Director, to support the Board in formulating and implementing the ESG Policies and overseeing relevant disclosure. We also intend to set up an ESG team to coordinate and manage general ESG affairs, which will be made up of personnel from key departments such as human resources, administration, sales and marketing, procurement, technology and legal. The ESG team will be responsible for guiding the development of ESG-related matters, communicating with stakeholders, assessing ESG risks, including climate-related risks and opportunities, based on our business conditions, improving assessment indicators, promoting ESG work results and disclosing ESG information annually.

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Under our ESG Policies, we promote environmental protection and sustainable development to our employees and stakeholders through different channels and attach great importance to building an honest, open and transparent corporate culture. We are committed to energy saving and waste reduction measures in our daily activities to reduce our carbon footprint and raising our employees' awareness in this area. We have formulated measures for office energy and water conservation, such as:

- asking our employees to switch off electrical equipment and lighting after working hours;
- asking our employees to be mindful of the environment when using office supplies and encouraging them to reuse office supplies;
- encouraging employees to switch off display monitors when leaving their desks;
- encouraging virtual meetings or conference calls to replace physical meetings to reduce business travel;
- encouraging employees to use water rationally and repairing any leaking appliances in a timely manner; and
- having dedicated employees regularly inspecting the water supply and drainage systems to identify and repair leaks.

Impact of Environmental, Social and Climate-related Issues and Opportunities

Our Directors are aware of the adverse effects of global climate change on global economic and social development, and that the continuous emission of greenhouse gases will exacerbate such impacts. Climate-related risks identified by us can be divided into two major categories: physical risks and transition risks.

We define physical risks as risks that may potentially cause physical impact to us. We believe that climate-related issues may bring about risks of extreme weather events, such as more frequent storms, typhoons and floods. We may be potentially affected by increased operating and maintenance costs of infrastructure equipment and increases in insurance. The health and safety of our employees may also be threatened by extreme weather conditions.

In terms of transition risks, based on our assessment of relevant government and regulatory policies, and technology and market trends, we believe that we may be affected by increases in operating costs caused by changes in sustainable practice requirements. For example, we may need to switch to energy-efficient lighting or increase green spaces of our business premises. Increasing obligations on emission disclosure may mean increased costs to us for more stringent monitoring of emissions and resource consumption.

Other than the risks set out above, as at the Latest Practicable Date, the Directors were not aware of any other actual climate-related risks that may have a negative impact on our business, strategy or financial performance.

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Identification, Assessment and Management of Environmental, Social and Climate-related Risks and Opportunities

We attach great importance to managing and controlling corporate risk, and have established the Sinohealth Risk Assessment and Management Policy and risk management committee which acts to identify risks and implement risk reduction strategies. This risk management committee reports directly to the Board. We also encourage employees at any level to identify and assess risks for our operations and communicate these risks with their supervisors or heads of relevant departments.

We have carried out targeted risk identification and impact assessment of environmental, social and climate-related risks and opportunities based on our nature of business and future development direction, and have adopted control and mitigation measures for a number of risk items, including:

- ***Transition to green building.*** As part of our operations, we have the opportunity to switch to energy-efficient lighting and other equipment in our business premises, as well as increasing our green areas. These changes in operating practices may incur increases in operating costs.
- ***Business ethics.*** As part of our operations, employees may accept bribes, leak company secrets, or fail to comply with professional ethics. To mitigate this, we have established an internal management system to require all employees to abide by business ethics and undertake not to participate in any corruption, bribery, fraud, extortion and money laundering activities.
- ***Information security.*** There may be risks associated with our business development or operations, such as attacks on IT systems, loss of key business information, and disclosure of employee and client confidential information. We have developed and implemented comprehensive policies to standardize the handling and management of our data. See “—Our Technologies and Big Data—Big Data—Data Security and Privacy” in this section. We have also established an information security management system with reference to JRT0072-2012 “Guidelines for the Evaluation of Information Security Level Protection of Information Systems in the Financial Industry”.
- ***Employees’ health and development.*** Our employees may face food, transportation and travel safety risks in the work environment, or may be threatened by the COVID-19 pandemic, as well as the restrictions imposed by governments and society as a whole in response. We also face the risk of training and development of our talent not being in line with our overall development strategies. We have put in place certain measures for safety of the office environment, and also formulate a talent development strategy with corresponding training systems and plans while tracking implementation of employee development plans.

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Metrics and Targets on Environmental, Social and Climate-related Risks

We have also assessed quantitative information that reflects our management of environmental, social and climate-related risks, which includes resource consumption and greenhouse gas emissions. Greenhouse gas emissions consists of Scope 1 and Scope 2 emissions. Scope 1 direct emissions include the greenhouse gas emissions from our vehicles. Scope 2 indirect emissions include greenhouse gas emissions from the consumption of purchased electricity. The table below sets forth a summary of these emissions for the years ended 31 December 2020 and 2021:

Resource Consumption	2020	2021
Purchased electricity (kWh)	407,894	495,497
Vehicle oil (L)	399	82
Emissions	2020	2021
Greenhouse gas emissions (tonnes CO ₂ equivalent)	249.80	302.45
Scope 1 (direct emissions) (tonnes CO ₂ equivalent)	0.94	0.19
Scope 2 (indirect emissions) (tonnes CO ₂ equivalent)	248.86	302.25

Through research and our assessment of these quantitative indicators, and with reference to their historical levels, we have identified relevant environment, social and climate-related risks and set relevant targets to guide our Group's business operations to reduce our impact on the environment and climate change. In the process of setting these targets, we have also considered changes to our business and recent expansion, as well as future business plans, in order to achieve sustainable development while ensuring economic benefits. In the next five years, we expect to achieve the goals of (i) reducing greenhouse gas emissions (CO₂ equivalent) by 0.005 tonnes per million (RMB) in revenue; and (ii) reducing electricity consumption by 0.4% per million (RMB) in revenue.

CORPORATE SOCIAL RESPONSIBILITY

We are committed to corporate social responsibility and our achievements and initiatives in this area include the following:

- **Healthcare industry.** Our platforms and solutions facilitate the precise connection of participants in the healthcare industry and their access to our data and technology infrastructure, empowering them to quickly perceive the needs of the industry, address inefficiencies or inadequacies, and to improve healthcare processes and amplify their benefits.
- **Patients and individuals.** We help to improve the quality and preciseness of patient care, including through education and training programs for pharmacists, patients, and their caregivers. Our technology also improves the accuracy of diagnoses by leveraging our data technology infrastructure and provides detailed and practical analyses. In addition, we continually try to raise awareness on the importance of ongoing healthcare management that is tailored to individual circumstances and partner with physical examination institutions to do so.

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- **Data privacy and protection.** We are committed to protecting personal information and privacy. We have established and implemented a strict company-wide policy on data aggregation and processing. See “—Our Technologies and Big Data—Big Data—Data Security and Privacy” in this section.

LEGAL PROCEEDINGS AND COMPLIANCE

From time to time, we may be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. We may also initiate legal proceedings in order to protect our intellectual property and other rights. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material and adverse effect on our business, financial condition and results of operations.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, saved as disclosed in “—Employees” in this section, we complied with all relevant PRC laws and regulations in all material respects.

RISK MANAGEMENT AND INTERNAL CONTROL

We recognize that the industry in which we operate is competitive and our business is exposed to various risks, and as such, effective risk management and internal control are critical to our growth and success. We are primarily exposed to, and have adopted and implemented various policies and procedures to ensure effective risk management and internal control systems for, the following risks: (i) operational/information system risks; (ii) intellectual property risks; and (iii) compliance and regulatory risks. For further details of major risks identified by our management, see “Risk Factors” in this prospectus. We are also dedicated to continually improving these policies and procedures.

Operational Risk/ Information System Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, IT system or infrastructure failures, personnel mistakes, or external events. We have established a series of internal procedures and controls to manage such risk, and in particular that relating to our IT, as sufficient maintenance, storage and protection of healthcare data and other related information is critical to our success. Certain types of healthcare data that we can access may also be considered as personal data under applicable laws and regulations. Our internal procedures and controls are also designed to ensure that any healthcare data that we gain access to is protected and that leakage and loss of such data is avoided. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material system failure in our IT infrastructure or any material disruption to our IT systems due to malfunctioning of software or hardware, or any material leakage or loss of healthcare data.

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We have established an information system security management framework, including a backup and recovery management system and other relevant internal control and risk management mechanisms to manage network security, data security, anti-virus measures, approval procedure for system changes, user management, system monitoring and incident management.

Our IT systems security department is responsible for ensuring the security of our IT infrastructure and ensuring that the usage, maintenance and protection of healthcare data are in compliance with our internal rules and applicable laws and regulations. We also provide information security training to our employees and conduct ongoing training and discuss any issues or necessary updates from time to time.

Intellectual Property Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with relevant rules and regulations, as well as the protection of our intellectual property rights. In accordance with these procedures, our in-house legal and compliance department examines all contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by our counterparties or us to perform contractual obligations and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements.

We also have in place detailed internal procedures to ensure that our in-house legal department reviews our solutions and products, including upgrades to existing products or systems, for regulatory compliance before they are made available. Our in-house legal and compliance department is responsible for obtaining any requisite governmental pre-approvals or consent, including preparing and submitting all necessary documents for filing with relevant governmental authorities within the prescribed regulatory timelines and ensuring all necessary application, renewals or filings for trademark, copyright and patent registration have been timely made to the competent authorities.

Compliance and Regulatory Risk Management

In order to manage our compliance and legal risk exposures effectively, we have designed and adopted strict internal procedures to ensure the compliance of our business operations with relevant rules and regulations. In particular, as we and our employees deal with a variety of third parties in our operations, we have implemented internal procedures with respect to anti-bribery, anti-corruption and conflict of interest matters. As part of our risk management and internal control measures, we have adopted a series of internal regulations against corrupt and fraudulent activities, which include measures against receiving bribes and kickbacks, and misappropriation of company assets. We also ask our departments to perform self-checks on any violations in key processes and roles on a regular basis, and to report to the legal and compliance department any violation or possible risk events.

We provide regular and specialized training tailored to the needs of our employees in different departments, and also in relation to our anti-corruption policy. We regularly organize internal training sessions conducted by senior employees or outside consultants on topics of interest for employees and have set up internal committees to encourage exchange of

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information and professional development. Through these training sessions, we ensure that our staff's skill sets and knowledge level of our anti-corruption policy remain up-to-date, enabling them to better comply with applicable laws and regulations in the course of exploring business opportunities. Our established internal control policies on anti-corruption include definitions, specific prohibited activities, and consequences of breaching the stated requirements. For our Data-driven Publications and Events, adherence to such anti-corruption policies is required of all event attendees, and is set out in the agreement signed between us and the event attendees. The event guide package provided to the event attendees also includes a reminder of prohibited activities. Our employees attending these events are trained to observe and note any suspicious activity. Our employees will also visit the various booths set up within the event venue and monitor the onsite situation and circumstances to identify any abnormal activities or interactions among the attendees. We have also established a designated hotline and email to receive complaints by event attendees and for reporting of any suspected misconduct.

As advised by our PRC Legal Advisers, we are required to comply with the PRC Advertising Law since we design and prepare media content for our clients to release through our Media Channels or other third party platforms. We have established internal control policies on the review of advertising content during the stages of acceptance, planning, execution and presentation of deliverables when providing customized marketing solutions. Our business department first reviews the contents of the advertisement after clients provide their feedback. Our legal department then reviews the advertising content to identify any compliance risks, including whether there is any inappropriate or offensive content, and to ensure that all advertisements comply with relevant laws and regulations. Our business department confirms the advertising content with the client and makes necessary amendments before delivery and publishing the advertisement. We also regularly organize relevant laws and regulations training sessions for our business personnel. Based on the written confirmations issued by competent authorities, during the Track Record Period, we had not been subject to any administrative penalties imposed by relevant authorities and involved in any material civil lawsuit in relation to provision of our advertisement services.

We have in place an employee handbook and a code of conduct which is distributed to all of our employees. The handbook contains internal rules and guidelines regarding work ethics, fraud prevention mechanisms, negligence and corruption. We provide employees with regular training, as well as resources to explain the guidelines contained in the employee handbook.

Board Oversight

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have established an audit committee to monitor the implementation of our risk management policies across our Group on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The audit committee consists of three members, namely Ms. Du Yilin, Ms. Wang Danzhou and Mr. Wei Bin, all of whom are independent non-executive Directors. Mr. Wei Bin is the chairman of the audit committee. For the professional qualifications and experiences of the members of our audit committee, see "Directors and Senior Management" in this prospectus.

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We have also established an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee and senior management on any issues identified. Our internal audit department members are required to report to management to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The internal audit department also reports to the audit committee to ensure that any major issues identified are channeled to the committee on a timely basis. The audit committee then discusses the issues and reports to the board of directors, if necessary.

Ongoing Measures to Monitor Implementation

Our audit committee, internal audit department and senior management together monitor the implementation of our risk management policies on an ongoing basis to ensure our policies and implementation are effective and sufficient.

LICENSES AND PERMITS

As at the Latest Practicable Date, we have obtained all material licenses, permits, approvals and certificates necessary to conduct our operations in all material respects from the relevant governmental authorities in the PRC, and such licenses, permits, approvals and certificates remain in full effect.

The following table sets forth details of our key licenses, permits and certificates that are material to our operations.

No.	License and Permit Name	Issuing Authority	Holder	Date of Grant	Date of Expiry
1	Radio and Television Program Production and Operation Permit (廣播電視節目製作經營許可證)	Radio and Television Administration of Guangdong Province (廣東省廣播電視局)	Sinohealth Information	1 April 2021	31 March 2023
2	Publications Operation License (出版物經營許可證)	Guangzhou Municipal Bureau of Press and Publication (廣州市新聞出版局)	Sinohealth Information	10 March 2021	31 March 2026
3	Qualification Certificate for Providing Internet Pharmaceutical Information Service (Operational) (互聯網藥品信息服務資格證書) (經營性)	Guangdong Medical Products Administration (廣東省藥品監督管理局)	Sinohealth Information	15 June 2022	14 June 2027

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No.	License and Permit Name	Issuing Authority	Holder	Date of Grant	Date of Expiry
4	Qualification Certificate for Providing Internet Pharmaceutical Information Service (Non-operational) (互聯網藥品信息服務資格證書) (非經營性)	Guangdong Medical Products Administration (廣東省藥品監督管理局)	Sinohealth Information	14 September 2021	13 September 2026
5	High and New Technology Enterprise Certificate of Guangdong Province (廣東省高新技術企業證書) . . .	Guangdong Provincial Science and Technology Department, Guangdong Provincial Finance Bureau, Guangdong Provincial Tax Service of the State Taxation Administration (廣東省科學技術廳、廣東省財政廳、國家稅務總局廣東省稅務局)	Sinohealth Information	2 December 2019 ⁽¹⁾	1 December 2023
6	High and New Technology Product Certificate (Medical and Medical Big Data) of Guangdong Province (廣東省高新技術產品證書(醫療及醫療大數據))	Guangdong High-tech Enterprise Association (廣東省高新技術企業協會)	Sinohealth Information	December 2019	1 November 2023
7	High and New Technology Product Certificate (Deep Learning) of Guangdong Province (廣東省高新技術產品證書(深度學習))	Guangdong High-tech Enterprise Association (廣東省高新技術企業協會)	Sinohealth Information	December 2019	1 November 2023
8	High and New Technology Product Certificate (Big Data Analysis) of Guangdong Province (廣東省高新技術產品證書(大數據分析))	Guangdong High-tech Enterprise Association (廣東省高新技術企業協會)	Sinohealth Information	December 2019	1 November 2023

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No.	License and Permit Name	Issuing Authority	Holder	Date of Grant	Date of Expiry
9	ICP License (中華人民共和國增值電信業務 經營許可證)	Guangdong Communications Administration (廣東省通信管理局)	Sinohealth Information	20 April 2021	20 April 2026
10	IDC License.	The MIIT	Sinohealth Information	12 November 2021	12 November 2026
11	EDI License.	Guangdong Communications Administration (廣東 省通信管理局)	Guangzhou Jiasi	13 March 2021	12 January 2026
12	ICP License.	Guangdong Communications Administration (廣東 省通信管理局)	Guangzhou Jiasi	13 March 2021	12 January 2026
13	Qualification Certificate for Providing Internet Pharmaceutical Information Service (Operational) (互聯網藥品信息服務資格證書 (經營性))	Guangdong Medical Products Administration (廣東省藥品監督 管理局)	Guangzhou Jiasi	23 October 2020	22 October 2025
14	EDI License.	Beijing Communications Administration (北京 市通信管理局)	Sinohealth Junyi	11 November 2020	11 November 2025
15	ICP License.	Beijing Communications Administration (北京 市通信管理局)	Sinohealth Junyi	11 November 2020	11 November 2025

Note:

(1) Sinohealth Information was initially recognized as a High and New Technology Enterprise in 2016.

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AWARDS AND RECOGNITION

We have received certain awards and recognitions since our establishment in recognition of the quality of solutions and products we provide.

The following table sets forth certain significant awards and recognitions we received during the periods indicated.

Year	Award/Accreditation	Awarding Organization	Awarded Entity
2020	Graduate Practice Base of Shenyang Institute of Computing Technology, University of Chinese Academy of Sciences (中國科學院大學瀋陽計算技術研究所研究生實踐基地)	University of Chinese Academy of Sciences (中國科學院大學)	Sinohealth Information
2020	2020 Big Data Enterprise Panel List	Guangzhou Municipal Industry and Information Technology Bureau	Sinohealth Information
2021	CMMI Maturity Level 3 ⁽¹⁾	CMMI Institute, Carnegie Mellon University, USA	Sinohealth Jianshu
2021	Grade 3 Information System Security Graded Protection Certification (AI-MDT)	Guangzhou Municipal Public Security Bureau	WFOE
2021	Grade 3 Information System Security Graded Protection Certification (SIC)	Guangzhou Municipal Public Security Bureau	WFOE
2022	Grade 3 Information System Security Graded Protection Certification (Woodpecker Clinic)	Guangzhou Municipal Public Security Bureau	Guangzhou Jisi

Note:

(1) It demonstrates that our software center has formulated a standard internal procedure and established an integrated system to proactively improve our software development and maintenance.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Capitalization Issue and Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme), Wellmark BVI, WLF BVI and Rikan LLP will hold in aggregate approximately 59.7750% of the issued share capital of our Company.

Wellmark BVI is wholly owned by Mr. Wu. WLF BVI is wholly owned by Ms. Wang. Mr. Wu and Ms. Wang are the spouse of each other. Rikan LLP is a limited partnership, the sole general partner of which is Wellmark BVI holding approximately 2% interests. Other than Wellmark BVI, Rikan LLP has eight limited partners, namely WLF BVI holding approximately 62.8866% interests, Mr. Su Caihua (chief data officer of our Group) holding 23.7%, Mr. Zhuang Weijin (vice president of our Group) holding 5.0%, Mr. Li Junguo (vice president of our Group) holding 2.08% interests and four other employees of our Group together holding approximately 4.3334% interests (with each ranging from 0.1667% to 1.6667%).

Accordingly, Mr. Wu, Ms. Wang, Wellmark BVI, WLF BVI and Rikan LLP are regarded as a group of controlling shareholders of the Company within the meaning of the Listing Rules.

RULE 8.10 OF THE LISTING RULES

Our Controlling Shareholders and the Directors do not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that our Group is capable of carrying on its business independent of, and does not place undue reliance on, our Controlling Shareholders and their close associates after the Listing for the following reasons:

Management Independence

Our management and operational decisions are made by our Board and our senior management. Our Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors. While two out of our six Directors, namely Mr. Wu and Ms. Wang, are also our Controlling Shareholders, all of our other Directors and senior management team members possess relevant management and/or industry-related experience to act as Directors or senior management of the Company and to make management decisions independent from our Controlling Shareholders. Further details are set forth in the section headed "Directors and Senior Management."

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

In addition, each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Group and does not allow any conflict between his/her duties as a Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of the Company in respect of such transactions and shall not be counted in the quorum. In addition, we have a senior management team to make business decisions independently. Our independent non-executive Directors will also bring independent judgment to the decision-making process of our Board.

Based on the above, our Directors are of the view that our Board, as a whole, together with our senior management team, is capable of managing our business independently from our Controlling Shareholders.

Operational Independence

We have established our own business independent of that of our Controlling Shareholders and/or their close associates. We make business decisions independently, hold all relevant licenses necessary to carry on our business and have sufficient capital, and manpower to operate our business independently. We have established our own organizational structure made up of individual departments, each with specific areas of responsibilities. We do not rely on our Controlling Shareholders or their close associates for our operations. We have independent access to suppliers and clients. We have not shared any operational resources such as sales and marketing, risk management and general administration resources with our Controlling Shareholders and/or their respective associates during the Track Record Period. We have established a set of internal controls to facilitate the effective operation of our business.

Based on the above, our Directors are of the view that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. We have our own internal control and accounting systems and finance department to perform independent treasury function on cash receipts and payments, independent accounting and reporting functions and independent internal control function.

During the Track Record Period, we primarily funded our operations and expansions through our Shareholders' equity and cash flow from our operations. As at the Latest Practicable Date, there was no outstanding loan or guarantee provided by, or granted to, any of our Controlling Shareholders or their respective associates. In the circumstances, we believe we are able to obtain financing from third parties or from our internally generated funds without reliance on our Controlling Shareholders.

Based on the above, our Directors are of the view that we are financially independent of our Controlling Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage potential conflicts of interest after the Listing. In particular, we will implement the following measures:

- as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the meeting;
- a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the board meetings on matters in which such Director or any of his/her close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business and/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 and external opinion to protect the interests of our public Shareholders. For details of our independent non-executive directors, see “Directors and Senior Management—Directors—Independent non-executive Directors” in this prospectus;
- in the event that our independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or our Directors on the other, our Controlling Shareholders and/or our Directors shall provide our independent non-executive Directors with all necessary information and our Company shall disclose the decisions of our independent non-executive Directors either through its annual report or by way of announcements;
- we have appointed Giraffe Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors’ duties and corporate governance; and
- any transaction made (or proposed to be made) between our Company and our connected persons will be required to comply with (i) Chapter 14A of the Listing Rules which include, but without limitation, where applicable, the announcement, reporting, circular and shareholders’ approval requirements and (ii) those other conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with the relevant requirements under the Listing Rules.

CONNECTED TRANSACTIONS

We have entered into a number of agreements with parties that will be our connected persons upon the Listing, and the transactions contemplated under such agreements will constitute our continuing connected transactions under Chapter 14A of the Listing Rules upon the Listing.

CONNECTED PERSONS

The table below sets forth our connected persons involved in the connected transactions set out in this section and the nature of their connection with our Group:

Connected Persons	Connected Relationship
VIE Shareholders	Mr. Wu is an executive Director, the chief executive officer, the spouse of Ms. Wang and a Controlling Shareholder, and therefore a connected person of our Company under Rule 14A.07 of the Listing Rules.
	Ms. Wang is an executive Director, the chief operating officer, the spouse of Mr. Wu and a Controlling Shareholder, and therefore a connected person of our Company under Rule 14A.07 of the Listing Rules.
Sinohealth Information	Sinohealth Information is directly held as to 89.95% by Mr. Wu and 10.05% by Ms. Wang, and is therefore an associate of Mr. Wu and Ms. Wang and a connected person of our Company under Rule 14A.07 of the Listing Rules.
Other VIE Shareholders (except Mr. Zhou Pingping (周平平) and Mr. Xie Chaoliang (謝朝亮))	They are substantial shareholders of certain subsidiaries of Sinohealth Information. Therefore, each of them is a connected person of the Company at the subsidiary level under Rule 14A.07 of the Listing Rules.

NON-EXEMPT CONNECTED TRANSACTION

Contractual Arrangements

Background

As disclosed in “Contractual Arrangements”, the business operations of the Consolidated Affiliated Entities constitute businesses restricted or prohibited to foreign investment in the PRC, therefore, we cannot directly acquire equity interests in the Consolidated Affiliated Entities. As a result, we have entered into a series of agreements narrowly tailored to provide us with control over the Consolidated Affiliated Entities and grant us the right to acquire interests of the Consolidated Affiliated Entities when and to the extent permitted by PRC laws and regulations. Under the Contractual Arrangements, we supervise and control the business operations and obtain all economic benefits developed by the Consolidated Affiliated Entities which we are entitled to by virtue of the equity interests we hold. The Contractual Arrangements consist of four

CONNECTED TRANSACTIONS

sets of agreements, namely the Business Cooperation Agreements, the Exclusive Option Agreements, the Equity Pledge Agreements and the Voting Rights Proxy Agreements, and were entered into among WFOE, Sinohealth Information and its subsidiaries, the VIE Shareholders (namely Mr. Wu and Ms. Wang) and/or the Other VIE Shareholders, as applicable. For further details, see “Contractual Arrangements” in this prospectus.

Listing Rules implications

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon the Listing and will be subject to the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Directors’ View

Our Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Contractual Arrangements are fundamental to the organizational structure and business operations of our Group. 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 or better and are fair and reasonable, and is in the interests of our Company and its 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 that is owned by us through equity interest (“**New Intragroup Agreements**” and each of them, a “**New Intragroup Agreement**”) technically constitute continuing connected transactions for the purposes of Chapter 14A of the Listing Rules, our Directors consider that given that we are placed in a special situation in relation to relying on the Contractual Arrangements to operate a portion of our business, strict compliance with the requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions would be impracticable and unduly burdensome and would impose unnecessary administrative costs upon our Company.

Application for Waiver

In respect of the transactions contemplated under the Contractual Arrangements and any New Intragroup Agreements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.105 of the Listing Rules; (ii) the requirement of setting maximum aggregate annual value (i.e. an annual cap) under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term 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 to the following conditions:

- (a) *No change without independent non-executive Directors’ approval.* Except as described below, no change to the Contractual Arrangements will be made without the approval of the independent non-executive Directors.

CONNECTED TRANSACTIONS

- (b) *No change without independent Shareholders' approval.* Save as described in paragraph (d) below, no changes to the agreements governing the Contractual Arrangements will be made without the approval of the independent Shareholders. Once the 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 and flexibility.* The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities which we are entitled to by virtue of the equity interests we hold through: (i) WFOE's options (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in Sinohealth Information and Sinohealth Information's equity interests in its subsidiaries for nil consideration or minimum amount of consideration permitted by applicable PRC laws and regulations; (ii) the business structure under which the profit generated by Sinohealth Information and its subsidiaries are substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to WFOE under the Business Cooperation Agreements; and (iii) WFOE's right to control the management and operation of, as well as, in substance, all of the voting rights of Sinohealth Information and its subsidiaries in respect of those entitled by us in proportion to our shareholdings in these subsidiaries.
- (d) *Renewal and reproduction.* On the basis that the Contractual Arrangements provide a framework for the relationship between our Company and our 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 upon the expiry of the existing arrangements or in relation to any existing or new 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 when justified by business expediency), without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. Such renewal or reproduction would be on the condition that the new framework would have substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executives or substantial shareholders of any existing or new 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 will, upon renewal and/or reproduction of the Contractual Arrangements, 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 renewal/reproduction is subject to relevant PRC laws, regulations and approvals.

CONNECTED TRANSACTIONS

- (e) *Ongoing reporting and approvals.* We will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:
- (i) The Contractual Arrangements in place during each financial period will be disclosed in the annual reports and accounts of our Company in accordance with the relevant provisions of the Listing Rules.
 - (ii) The independent non-executive Directors will review the Contractual Arrangements annually and confirm in the annual reports of our Company 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 Sinohealth Information 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, Sinohealth Information and its subsidiaries during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous, so far as our Group is concerned and in the best interests of our Company and Shareholders as a whole.
 - (iii) Our Company's auditor will carry out review procedures annually on the transactions carried out 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 and have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by Sinohealth Information and its subsidiaries to the holders of their equity interests which are not otherwise subsequently assigned or transferred to our Group.
 - (iv) For the purposes 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, but at the same time, the directors, chief executives or substantial shareholders (as defined in the Listing Rules) 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 themselves), 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.
 - (v) The Consolidated Affiliated Entities will, for so long as the Shares are listed on the Stock Exchange, provide our Group's management and our Company's auditor with full access to its relevant records for the purpose of reporting on the connected transactions.

CONNECTED TRANSACTIONS

Directors' Confirmation

Our Directors, including our independent non-executive Directors, are of the view that the transactions contemplated under the Contractual Arrangements have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms or better, and are fair and reasonable as far as our Group is concerned and in the interests of our Company and our Shareholders as a whole.

Sole Sponsor's Confirmation

The Sole Sponsor has reviewed the relevant documents and information provided by our Group, has obtained necessary representations and confirmations from our Company and our Directors and has participated in the due diligence and discussions with our management and our PRC Legal Advisers. Based on the above, the Sole Sponsor (i) concurs with our Directors' view that the transactions contemplated under the Contractual Arrangements are fundamental to the organizational structure and business operations of our Group; and (ii) is of the view that the transactions contemplated under the Contractual Arrangements have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms or better, and are fair and reasonable as far as our Group is concerned and in the interests of our Company and our Shareholders as a whole.

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and after completion of the Global Offering and the Capitalization Issue:

<i>Authorized share capital:</i>		<i>US\$</i>
<u>2,000,000,000</u>	Shares of US\$0.01 each	<u>20,000,000</u>

Assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme, the share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering will be as follows:

<i>Issued share capital:</i>		<i>US\$</i>
5,000,000	Shares in issue at the date of this prospectus	50,000
<i>Shares to be issued, fully paid or credited as fully paid:</i>		
370,000,000	Shares to be issued pursuant to the Capitalization Issue	3,700,000
<u>75,000,000</u>	Shares to be issued pursuant to the Global Offering	<u>750,000</u>
<u>450,000,000</u>	Total	<u>4,500,000</u>

Assuming the Over-allotment Option is exercised in full and without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme, the share capital of the Company immediately following the completion of the Capitalization Issue and the Global Offering will be as follows:

<i>Issued share capital:</i>		<i>US\$</i>
5,000,000	Shares in issue at the date of this prospectus	50,000
<i>Shares to be issued, fully paid or credited as fully paid:</i>		
370,000,000	Shares to be issued pursuant to the Capitalization Issue	3,700,000
75,000,000	Shares to be issued pursuant to the Global Offering	750,000
11,250,000	Shares to be issued upon exercise of the Over-allotment Option in full	112,500
<u>461,250,000</u>	Total	<u>4,612,500</u>

SHARE CAPITAL

ASSUMPTIONS

The above table assumes that the Global Offering has become unconditional and the Shares are issued pursuant to the Global Offering and the Capitalization Issue. It takes no account of any Shares, which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or which may be allotted and issued or repurchased by our Company under the general mandates of any Shares referred to below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at the time of the Listing and at all times thereafter, at least 25% of the total issued share capital of our Company shall be held by the public.

RANKING

Our Shares are ordinary shares in our share capital and rank *pari passu* 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 our Shares in respect of a record date which falls after the date of issue of such Share.

SHARE OPTION SCHEME

We conditionally adopted the Share Option Scheme. Summaries of the principal terms of the Share Option Scheme are set out in the section headed “Statutory and General Information—D. Other Information—1. Share Option Scheme” in Appendix IV to this prospectus.

ISSUING MANDATE

Subject to the Global Offering becoming unconditional, our Directors have been granted by the Shareholders a general and unconditional mandate to allot, issue or deal with Shares with a total nominal value of not more than the sum of:

- (a) 20% of the aggregate number of Shares in issue and to be issued immediately following completion of the Global Offering and the Capitalization Issue (excluding any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme); and
- (b) the aggregate number of Shares repurchased by our Company (if any) pursuant to the repurchase mandate as referred to below.

The issuing mandate will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company; or
- the expiration of the period within which our Company is required by the Articles or any applicable laws of the Cayman Islands to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

SHARE CAPITAL

For more information on this issuing mandate, see the section headed “Statutory and General Information—A. Further Information about our Company and its Subsidiaries—3. Written Resolutions of all the Shareholders passed on 27 April 2022 and 22 June 2022” in Appendix IV to this prospectus.

REPURCHASE MANDATE

Subject to the Global Offering becoming unconditional, the Directors have been granted by the Shareholders a general mandate to exercise all the powers of our Company to repurchase not more than 10% of the aggregate number of the Shares in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding Shares that may be allotted and issued pursuant to exercise of the Over-allotment Option or the Options which may be granted under the Share Option Scheme).

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules and all other applicable laws, regulations and rules.

The repurchase mandate will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company; or
- the expiration of the period within which our Company is required by its Articles or any applicable laws of the Cayman Islands to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

For more information on this repurchase mandate, see the section headed “Statutory and General Information—A. Further Information about our Company and its Subsidiaries—3. Written Resolutions of all the Shareholders passed on 27 April 2022 and 22 June 2022” in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of Cayman Companies Act, an exempted company is not required by law to hold any general meetings or class meetings on an annual or regular basis. The holding of a general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, we will hold general meetings as prescribed for under the Articles, a summary of which is set out in the section headed “Summary of the Constitution of our Company and Cayman Companies Act” in Appendix III in the prospectus.

Our Company has only one class of Shares, namely ordinary Shares, each of which ranks *pari passu* with the other Shares.

SHARE CAPITAL

Pursuant to the Cayman Companies Act and the terms of the Memorandum and the Articles, our Company may from time to time by ordinary resolutions of Shareholders (i) increase its share capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may, subject to the provisions of the Cayman Companies Act, reduce the share capital or capital redemption reserve by our Shareholders passing a special resolution. Besides, all or any of the special rights attached to the Shares or any class of shares may be varied, modified 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 supermajority resolution passed at a separate general meeting of the holders of the shares of that class. For further details, see “Summary of the Constitution of our Company and Cayman Companies Act” in Appendix III to this prospectus.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued under the Over-allotment Option or the exercise of any options may be granted under the Share Option Scheme), the following persons will have or be deemed or taken to have beneficial interests and/or short position in the Shares or the underlying Shares which would be required 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 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:

Name	Nature of interest	Number of Shares as at the Latest Practicable Date ⁽¹⁾	Approximate percentage of interest in our Company as at the Latest Practicable Date	Number of Shares immediately after the Global Offering and the Capitalization Issue ⁽¹⁾	Approximate percentage of interest in our Company immediately after the Global Offering and the Capitalization Issue
Wellmark BVI ⁽²⁾	Beneficial owner	2,416,500 (L)	48.3300%	181,237,500 (L)	40.2750%
WLF BVI ⁽²⁾	Beneficial owner	270,000 (L)	5.4000%	20,250,000 (L)	4.5000%
Rikan LLP ⁽²⁾	Beneficial owner	900,000 (L)	18.0000%	67,500,000 (L)	15.0000%
Mr. Wu ⁽²⁾	Interest in controlled corporation and interest of spouse	3,586,500 (L)	71.7300%	268,987,500 (L)	59.7750%
Ms. Wang ⁽²⁾	Interest in controlled corporation and interest of spouse	3,586,500 (L)	71.7300%	268,987,500 (L)	59.7750%
Montesy Capital BVI ⁽³⁾	Beneficial owner	913,500 (L)	18.2700%	68,512,500 (L)	15.2250%
Ms. Wu Meirong ⁽³⁾	Interest in controlled corporation and interest of spouse	913,500 (L)	18.2700%	68,512,500 (L)	15.2250%
Mr. Li Hanxiong ⁽³⁾	Interest in controlled corporation and interest of spouse	913,500 (L)	18.2700%	68,512,500 (L)	15.2250%
Shanghai Tianyi BVI ⁽⁴⁾	Beneficial owner	388,235 (L)	7.7647%	29,117,625 (L)	6.4706%
Shanghai Xuanyu Enterprise Management Co., Ltd. (上海軒瑜企業管理有限公司) ⁽⁴⁾	Interest in controlled corporation	388,235 (L)	7.7647%	29,117,625 (L)	6.4706%
Zhongwei Tengyun BVI ⁽⁴⁾	Beneficial owner	88,235 (L)	1.7647%	6,617,625 (L)	1.4706%

SUBSTANTIAL SHAREHOLDERS

Name	Nature of interest	Number of Shares as at the Latest Practicable Date ⁽¹⁾	Approximate percentage of interest in our Company as at the Latest Practicable Date	Number of Shares immediately after the Global Offering and the Capitalization Issue ⁽¹⁾	Approximate percentage of interest in our Company immediately after the Global Offering and the Capitalization Issue
Shanghai Tianyi ⁽⁴⁾	Interest in controlled corporation	476,470 (L)	9.5294%	35,735,250 (L)	7.9412%
Mr. Yu Rong (俞榕) ⁽⁴⁾	Interest in controlled corporation	476,470 (L)	9.5294%	35,735,250 (L)	7.9412%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Mr. Wu and Ms. Wang are the spouse of each other, and is deemed to be interested in the Shares beneficially owned by each other. Mr. Wu wholly owns Wellmark BVI and is deemed to be interested in 2,416,500 Shares held by Wellmark BVI. Ms. Wang wholly owns WLF BVI and is deemed to be interested in 270,000 Shares held by WLF BVI. Wellmark BVI is the general partner of Rikan LLP and Ms. Wang, through WLF BVI, holds approximately 62.8866% interests in Rikan LLP, and both Mr. Wu and Ms. Wang are deemed to be interested in 900,000 Shares held by Rikan LLP.
- (3) Montesy Capital BVI is owned by Mr. Li Hanxiong and Ms. Wu Meirong as to 70% and 30%, respectively. Mr. Li Hanxiong and Ms. Wu Meirong are the spouse of each other, and are therefore deemed to be interested in any Shares in which one another is interested. Therefore, both Li Hanxiong and Ms. Wu Meirong are deemed to be interested in the Shares held by Montesy Capital BVI.
- (4) Shanghai Tianyi BVI and Zhongwei Tengyun BVI are controlled by Shanghai Tianyi as explained below. Therefore, Shanghai Tianyi is deemed to be interested in a total of 476,470 Shares, comprising (i) 388,235 Shares held by Shanghai Tianyi BVI and (ii) 88,235 Shares held by Zhongwei Tengyun BVI. Shanghai Tianyi is in turn owned as to 70% by Mr. Yu Rong (俞榕). Therefore, Mr. Yu Rong is deemed to be interested in the 476,470 Shares in which Shanghai Tianyi is deemed to be interested.

Shanghai Tianyi BVI is wholly owned by Shanghai Xuanyu Enterprise Management Co., Ltd. (上海軒瑜企業管理有限公司), which is in turn wholly owned by Shanghai Tianyi. Therefore, each of Shanghai Xuanyu Enterprise Management Co., Ltd. (上海軒瑜企業管理有限公司) and Shanghai Tianyi is deemed to be interested in 388,235 Shares held by Shanghai Tianyi BVI.

Zhongwei Tengyun BVI is wholly owned by Shanghai Hongyi Enterprise Management Center (Limited Partnership) (上海鴻薏企業管理中心(有限合夥)), the sole general partner of which is Jiangsu Zhongwei Tengyun Chuangye Investment Management Co., Ltd (江蘇中衛騰雲創業投資管理有限公司) holding 8.7% interests, which is in turn controlled by Shanghai Tianyi, and the remaining limited partner of which is Zhongwei Tengyun holding 91.3% interests. The sole general partner of Zhongwei Tengyun is Jiangsu Zhongwei Tengyun Chuangye Investment Management Co., Ltd (江蘇中衛騰雲創業投資管理有限公司), which is in turn controlled by Shanghai Tianyi. Therefore, as Zhongwei Tengyun BVI is controlled by Shanghai Tianyi, Shanghai Tianyi is deemed to be interested in 88,235 Shares held by Zhongwei Tengyun BVI as at the Latest Practicable Date.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued under the Over-allotment Option or the exercise of any options may be granted under the Share Option Scheme), have beneficial interests or short positions in any of our Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in the circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board currently consists of six Directors comprising two executive Directors, one non-executive Director and three independent non-executive Directors. The functions and duties of our Board include, but are not limited to, convening the general meetings, reporting on the performance of our Board's work at the general meetings, implementing the resolutions passed at the general meetings, determining business and investment plans, formulating our annual financial budget and final accounts, formulating our proposals for increase or reduction of our capital as well as exercising other powers, functions and duties as conformed by our Articles.

The following table sets forth the information regarding the members of our Board:

Name	Age	Position	Roles and Responsibilities	Date of Joining Our Group	Date of Appointment as Director	Relationship with other Directors and Senior Management
Wu Yushu (吳鬱抒)	46	Chairman, chief executive officer and executive Director	Responsible for overseeing overall strategic planning and general management and daily operation of our Group	December 2007	4 March 2019	Spouse of Ms. Wang
Wang Lifang (王莉芳)	47	Chief operating officer and executive Director	Responsible for overseeing the daily operation and management of our Group	December 2008	3 June 2021	Spouse of Mr. Wu
Fu Haitao (付海濤)	41	Non-executive Director	Responsible for providing advice on the management of our Group	December 2016	3 June 2021	None
Wei Bin (魏斌)	52	Independent non-executive Director	Responsible for supervising the management of our Group and providing independent judgment to our Board	27 April 2022	27 April 2022	None
Wang Danzhou (王丹舟)	58	Independent non-executive Director	Responsible for supervising the management of our Group and providing independent judgment to our Board	October 2017	27 April 2022	None
Du Yilin (杜依琳)	37	Independent non-executive Director	Responsible for supervising the management of our Group and providing independent judgment to our Board	27 April 2022	27 April 2022	None

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Wu Yushu (吳鬱抒) (also known as Wu Han (吳瀚)), aged 46, is the founder of our Group. He is the chairman of our Board, the chief executive officer of our Group and an executive Director. He was appointed as a Director on 4 March 2019. He currently holds directorship in each of the subsidiaries of our Group except Guangzhou Kangzhi, Jiangxi Xinshun and Guangzhou Xinshun. He is also the chairman of the Nomination Committee. Mr. Wu is in charge of the overall strategic planning and general management and daily operation of our Group.

Mr. Wu has over 20 years of experience in healthcare information and data analysis industries. Prior to founding Sinohealth Information, the principal operating subsidiary of our Group, in December 2007, from July 1997 to December 2007, Mr. Wu served as the general manager of information center (信息中心總經理) of NMPA Southern Medicine Economic Research Institute (國家藥品監督管理局南方醫藥經濟研究所) (“**SMERI**”). During his service period in SMERI, he was also designated as the general manager of the operating company of Medical and Pharmaceutical Economic Newspaper (醫藥經濟報) hosted by SMERI.

Mr. Wu obtained a bachelor’s degree in international trade from Guangdong University of Finance & Economics (廣東財經大學) (formerly known as Guangdong College of Commerce (廣東商學院)) in the PRC in June 1997.

Mr. Wu was previously a director, legal representative and/or general manager of the following companies at the time of their respective dissolution. Each of the following companies was dissolved by way of deregistration due to the cessation of business.

<u>Name of Company</u>	<u>Place of Establishment</u>	<u>Nature of Business</u>	<u>Date of Dissolution</u>
Guangzhou Sihede Pharmaceutical Information Consulting Company Limited (廣州斯赫得醫藥信息諮詢有限公司)	PRC	Provision of marketing information consulting service	15 December 2014
Beijing Zhongjian Canye Consulting Company Limited (北京中健燦業諮詢有限公司)	PRC	Provision of marketing information consulting service	26 April 2016
Guangzhou CMH Information Consulting Company Limited (廣州斯邁馳信息諮詢有限公司)	PRC	Provision of marketing information consulting service	30 May 2016

DIRECTORS AND SENIOR MANAGEMENT

Name of Company	Place of Establishment	Nature of Business	Date of Dissolution
Guangzhou City Huazhi Investment Management Company Limited (廣州市華致投資管理有限公司)	PRC	Provision of investment management service	22 May 2017
Guangzhou Maizhi Network Technology Company Limited (廣州邁智網路科技有限公司)	PRC	Provision of marketing information consulting service	29 June 2018
Guangzhou Sinohealth Lian.	PRC	Business support	14 August 2021
Guangzhou Kangpu	PRC	Provision of Data Insight Solutions (Growth and Investment Decision Solutions)	11 August 2021
Sinohealth Pushi	PRC	Research and development of AI-MDT products	22 December 2021
Guangzhou Kangyang	PRC	Business support	11 August 2021
Guangzhou Rilang	PRC	Investment holding	16 August 2021

Mr. Wu confirmed that (i) to the best of his knowledge, information and belief after making reasonable enquiries, each of the above companies was solvent immediately prior to its dissolution; (ii) there is no wrongful act on his part leading to the dissolution of each of the above companies; (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of each of the above companies; and (iv) no misconduct or misfeasance had been involved on his part in the dissolution of each of the above companies.

Mr. Wu is the spouse of Ms. Wang, our chief operating officer and an executive Director.

Ms. Wang Lifang (王莉芳), aged 47, is an executive Director and the chief operating officer of our Group. She was appointed as a Director on 3 June 2021. She currently holds directorship in Sinohealth Information. She is also a member of the Remuneration Committee. Ms. Wang is responsible for overseeing our Group's daily operation and management.

Ms. Wang has over 20 years of experience in healthcare information and data analysis industry. From July 1997 to December 2007, Ms. Wang held several positions, including vice general manager of the operating company of Medical and Pharmaceutical Economic

DIRECTORS AND SENIOR MANAGEMENT

Newspaper (醫藥經濟報) hosted by SMERI and a journalist of the said newspaper. In December 2008, she joined Sinohealth Information to assist Mr. Wu in the business development of our Group and has since engaged as the director and executive general manager responsible for overseeing our Group's daily operation management.

Ms. Wang obtained a bachelor's degree in international economics from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in July 1997.

Ms. Wang was previously a director and/or supervisor of the following companies at the time of their respective dissolution. Each of the following companies was dissolved by way of deregistration due to the cessation of business.

Name of Company	Place of Establishment	Nature of Business	Date of Dissolution
Guangzhou Sihede Pharmaceutical Information Consulting Company Limited (廣州斯赫得醫藥信息諮詢有限公司)	PRC	Provision of marketing information consulting service	15 December 2014
Beijing Zhongjian Canye Consulting Company Limited (北京中健燦業諮詢有限公司)	PRC	Provision of marketing information consulting service	26 April 2016
Guangzhou Zhongrui Medical Information Company Limited (廣州中睿醫學信息有限公司)	PRC	Provision of marketing information consulting service	5 May 2016
Guangzhou CMH Information Consulting Company Limited (廣州斯邁馳信息諮詢有限公司)	PRC	Provision of marketing information consulting service	30 May 2016
Guangzhou Maizhi Network Technology Company Limited (廣州邁智網絡科技有限公司)	PRC	Provision of marketing information consulting service	29 June 2018

Ms. Wang confirmed that (i) to the best of her knowledge, information and belief after making reasonable enquiries, each of the above companies was solvent immediately prior to its dissolution; (ii) there is no wrongful act on her part leading to the dissolution of each of the above companies; (iii) she is not aware of any actual or potential claim that has been or will be made against her as a result of the dissolution of each of the above companies; and (iv) no misconduct or misfeasance had been involved on her part in the dissolution of each of the above companies.

Ms. Wang is the spouse of Mr. Wu, our chairman and chief executive officer and an executive Director.

DIRECTORS AND SENIOR MANAGEMENT

Non-Executive Director

Mr. Fu Haitao (付海濤), aged 41, is a non-executive Director. He was appointed as a Director on 3 June 2021. He was appointed as a non-executive director of Sinohealth Information from December 2016 to June 2021 pursuant to the nomination by Ms. Wu Meirong, one of the substantial shareholders of our Company, details of whom are set out in “Substantial Shareholders” in this prospectus. Upon Listing, Mr. Fu will be subject to re-election procedures as provided in the Articles (and subject to the requirements of the Listing Rules) at the annual general meeting of our Company.

From January 2006 to August 2009, Mr. Fu worked as an officer of the government affairs department of Sun International Engineering Consulting Co., Ltd. (瀚陽國際工程諮詢有限公司) (formerly known as Guangzhou Sun Engineering Consulting Co., Ltd (廣州瀚陽工程諮詢有限公司)), a company principally engaged in road and piping engineering. Since September 2009, Mr. Fu has been the head of president office (總裁辦公室主任) of Daxiongfeng Venture Capital Co., Ltd (大雄風創業投資有限公司), which is controlled by Ms. Wu Meirong and her spouse, Mr. Li Hanxiong.

Mr. Fu obtained a diploma in economics and management from Jinan Army Academy (濟南陸軍學院)[#], an internal military training institute, which was then supervised by the Jinan Military Region of the Chinese People’s Liberation Army (中國人民解放軍濟南軍區) in the PRC in June 2004. Mr. Fu further obtained a diploma in human resource management through attending long-distance courses from Xidian University (西安電子科技大學) in the PRC in January 2019.

Independent Non-executive Directors

Mr. Wei Bin (魏斌), aged 52, was appointed as our independent non-executive Director on 27 April 2022. Mr. Wei is responsible for supervising the management of our Group and providing independent judgment to our Board. He is also the chairman of the Audit Committee.

Mr. Wei has over 25 years’ operation and management experience in the finance and accounting sector in Hong Kong and the PRC as well as in complex transaction, mergers and acquisitions and business development. In the past three years, Mr. Wei has been a non-executive director of two companies listed on the Stock Exchange. From August 2008 to January 2018, he was a non-executive director of China Resources Cement Holdings Limited (stock code: 1313) and from November 2008 to January 2018, a non-executive director of China Resources Gas Group Limited (stock code: 1193).

Mr. Wei is currently (i) a non-executive director of Hao Tian International Construction Investment Group Limited (昊天國際建設投資集團有限公司), a company listed on the Stock Exchange (stock code: 1341); (ii) an independent non-executive director of Honghua Group Limited (宏華集團有限公司), a company listed on the Stock Exchange (stock code: 196); (iii) an independent director of Huize Holding Limited, a NASDAQ-listed company (NASDAQ: HUIZ); and (iv) an executive director and authorized representative of OCI International Holdings Limited (東建國際控股有限公司), a company listed on the Stock Exchange (stock code: 329).

[#]Note: Jinan Army Academy is not accredited by the Ministry of Education of the PRC.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wei obtained a bachelor's degree in auditing from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan University of Finance and Economics (中南財經大學)) in the PRC in July 1992. He also obtained a master's degree in finance from Jinan University (暨南大學) in the PRC in June 2001. Mr. Wei is currently a senior accountant and a senior auditor in the PRC.

Ms. Wang Danzhou (王丹舟), aged 58, was appointed as our independent non-executive Director on 27 April 2022. She was appointed as an independent non-executive director of Sinohealth Information from December 2017 to June 2021. Ms. Wang is responsible for supervising the management of our Group and providing independent judgment to our Board. She is also the chairperson of the Remuneration Committee, and a member of the Audit Committee and Nomination Committee.

Ms. Wang has around 35 years of experience in accounting education. Since January 1989, Ms. Wang has worked in the department of accounting (會計系) of Jinan University (暨南大學), and is currently a professor in the department of accounting of Jinan University. Since July 2009, Ms. Wang has served as an independent non-executive director of Bluedon Information Security Technology Co., Ltd (藍盾信息安全技術股份有限公司) (stock code: 300297), a company listed on the Shenzhen Stock Exchange and principally engaged in provision of information security products. Since June 2016, Ms. Wang has served as an independent non-executive director of Guangdong Brandmax Marketing Co., Ltd (廣東電聲市場營銷股份有限公司) (stock code: 300805), a company listed on the Shenzhen Stock Exchange and principally engaged in provision of marketing services. From March 2016 to December 2020, Ms. Wang served as an independent non-executive director of Guangzhou LBP Medicine Science & Technology Co., Ltd. (廣州安必平醫藥科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688393) and principally engage in the research, manufacture and sales of in-vitro diagnostic reagents (體外診斷試劑). Since May 2020, Ms. Wang has served as an independent non-executive director of Kennede Electronics MFG. Co., Ltd (廣東金萊特電器股份有限公司) (stock code: 002723), a company listed on the Shenzhen Stock Exchange and principally engaged in manufacturing lighting and electrical appliances.

Ms. Wang obtained a bachelor's degree in accounting and a master's degree in administration from Jinan University (暨南大學) in the PRC in July 1986 and January 2000, respectively, and a doctor's degree in financial management from the Southwestern University of Finance and Economics (西南財經大學) in the PRC in June 2008.

Ms. Du Yilin (杜依琳), aged 37, was appointed as our independent non-executive Director on 27 April 2022. Ms. Du is responsible for supervising the management of our Group and providing independent judgment to our Board. She is also a member of the audit committee, the Remuneration Committee and Nomination Committee.

From September 2007 to May 2014, Ms. Du worked as a senior auditor at PricewaterhouseCoopers Zhong Tian LLP Guangzhou office. From May 2014 to April 2016, Ms. Du served as the chief financial officer of Kangze Pharmaceutical Co., Ltd (康澤藥業股份有限公司) (stock code: 831397), a company listed on the National Equities Exchange and Quotations and principally engaged in the sales of medicines. From October 2017 to January 2019, Ms. Du worked as a project director for healthcare mergers and acquisitions department at Fosun United Health Insurance Co., Ltd (復星聯合健康保險股份有限公司), a wholly-owned subsidiary of Fosun

DIRECTORS AND SENIOR MANAGEMENT

International Limited (復星國際有限公司) (stock code: 0656), which is a company listed on the Stock Exchange and principally focus on steel, property development, pharmaceuticals, and investments in the retail business. Since January 2019, Ms. Du has served as chief financial officer of Guangdong Hemai Hospital Management Co., Ltd (廣東和邁醫院管理有限公司).

Ms. Du obtained a bachelor's degree in accounting from Sun Yat-sen University (中山大學) in the PRC in June 2007. Ms. Du obtained a master's degree in health economics from the University of Queensland in Australia in July 2017. Ms. Du was admitted as a non-practicing member of The Chinese Institute of Certified Public Accountants in September 2009 and a certified accountant from the Australian Society of Certified Practising Accountants in December 2018.

Disclosure Required under Rule 13.51(2) of the Listing Rules

Save as disclosed above, none of our Directors:

- (i) held any other positions in our Company or other members of our Group as at the Latest Practicable Date;
- (ii) had any other relationship with any Directors, senior management or substantial shareholders or Controlling Shareholders as at the Latest Practicable Date; and
- (iii) held any other directorships in listed public companies in the three years prior to the Latest Practicable Date and other major appointments and professional qualifications.

Save as disclosed in the sections headed “Substantial Shareholders” and “Statutory and General Information—C. Further Information about our Directors, Management and Substantial Shareholders” in Appendix IV to this prospectus, none of our Directors has any interest in the Shares within the meaning of Part XV of the SFO or is a director or an employee of a company which has an interest or short position in the Shares and underlying Shares of our Company. Each of our Directors has confirmed that none of them is engaged in, or interested in, any business (other than our Group) which, directly or indirectly, competes or may compete with our business.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors after having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

Mr. Wu Yushu (吳鬱抒). For details of Mr. Wu's biography, see “—Directors—Executive Directors” in this section.

Ms. Wang Lifang (王莉芳). For details of Ms. Wang's biography, see “—Directors—Executive Directors” in this section.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Yi Xuhui (易旭暉), aged 50, is the chief financial officer of our Group, the joint company secretary of our Company and the board secretary (董事會秘書) of Sinohealth Information. She joined our Group in March 2020 and is responsible for overseeing financial and accounting management, internal control and securities and compliance matters of our Group.

Ms. Yi has over 20 years of experience in accounting and finance. From October 1998 to September 2001, Ms. Yi served as an auditor at Deloitte Touche Tohmatsu Shanghai Certified Public Accountants Ltd Guangzhou Branch. From September 2001 to February 2004, Ms. Yi served as a senior auditor at PricewaterhouseCoopers Zhong Tian (Guangzhou office). From February 2004 to March 2006, Ms. Yi served as accounting manager of SDL Atlas Ltd. (錫萊亞太拉斯(深圳)有限公司), which is principally engaged in provision of testing equipment and solutions. From March 2006 to August 2008, Ms. Yi served as the accounting manager at Danone Yili Trading (Shenzhen) Co., Ltd (達能益力貿易(深圳)有限公司). From November 2008 to July 2009, she worked as the chief finance officer of Guangzhou G2 Star Commercial Information Consulting Company Limited (廣州吉途仕達商務信息諮詢有限公司). From July 2009 to September 2013, she served as the financial manager of the PRC of Intertek Testing Services Shenzhen Ltd. Guangzhou GDD Branch, which is a subsidiary of Intertek Group Plc (stock code: iktsy), a company listed on the London Stock Exchange and principally engaged in the provision of quality and safety solutions. From June 2014 to September 2019, Ms. Yi served as a director, chief financial officer and board secretary of Guangdong Insight Brand Marketing Group Co., Ltd. (廣東因賽品牌營銷集團股份有限公司) (stock code: 300781), a company listed on the Shenzhen Stock Exchange and principally engaged in provision of brand management, digital marketing and public relation communications services.

Ms. Yi obtained a bachelor's degree in statistics from Jinan University (暨南大學) in the PRC in June 1994. Ms. Yi was admitted as a non-practicing member of The Chinese Institute of Certified Public Accountants in December 2010.

Mr. Tang Keke (唐珂軻), aged 35, is the chief technology officer of our Group. Mr. Tang joined our Group in April 2017 and is responsible for artificial intelligence research, data platform development and operation of medical intelligence department of our Group. Mr. Tang currently holds directorship in Guangzhou Kangzhi.

From August 2012 to February 2014, Mr. Tang worked as clinical researcher at SurExam Bio-Tech Co., Ltd (益善生物技術股份有限公司) (stock code: 430620), a company listed on the National Equities Exchange and Quotations and principally engaged in the research and development and manufacture of targeted cancer therapy. From April 2014 to March 2017, he held positions in two wholly-owned subsidiaries of Lee's Pharmaceutical Holdings Ltd. (李氏大藥廠控股有限公司) (stock code: 0950) ("Lee's Pharmaceutical"), including as an employee in medical statistics department of Zhaoke Pharmaceutical (Hefei) Co., Ltd. Guangzhou Branch (兆科藥業(合肥)有限公司廣州分公司) and the senior manager of clinical data management and calculation department of Zhaoke Pharmaceutical (Guangzhou) Co., Ltd. (兆科藥業(廣州)有限公司). Lee's Pharmaceutical is a company listed on the Stock Exchange which is principally engaged in research and development of biopharmaceutical products.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tang obtained a bachelor's degree in prophylaxis (預防醫學) from Guangxi Medical University (廣西醫科大學) in the PRC in June 2010 and a master's degree in public health from Sun Yat-Sen University (中山大學) in the PRC in June 2012. He is currently in the study for a PhD in computer application technology from Shenyang Computer Technology Research Institute of the University of Chinese Academy of Sciences (中國科學院大學瀋陽計算機技術研究所).

Mr. Su Caihua (蘇才華), aged 47, is the chief data officer of our Group and the vice president of our Group. Mr. Su joined our Group in January 2008 and is responsible for development of big data and data insight solutions business of our Group.

From May 2002 to March 2003 and from March 2005 to April 2007, Mr. Su served as the research director (研究總監) of Guangzhou Shipu Medical and Pharmaceutical Information Co., Ltd (廣州時普醫藥信息有限公司) ("**Guangzhou Shipu**"), a company principally engaged in provision of marketing information consulting service, which was then managed by SMERI prior to its deregistration in November 2011.

Mr. Su obtained the bachelor's degree in prophylaxis (預防醫學) from Zhejiang University (浙江大學) in the PRC in September 1999.

Mr. Su was previously a director of the following company at the time of its dissolution:

<u>Name of Company</u>	<u>Place of Establishment</u>	<u>Nature of Business</u>	<u>Date of Dissolution</u>	<u>Status</u>	<u>Reasons of Dissolution</u>
Guangzhou CMH Information Consulting Company Limited (廣州斯邁馳信息諮詢有限公司)	PRC	Provision of marketing information consulting service	30 May 2016	Deregistration	Cessation of business

Mr. Su confirmed that (i) to the best of his knowledge, information and belief after making reasonable enquiries, the above company was solvent immediately prior to its dissolution; (ii) there is no wrongful act on his part leading to the dissolutions of the above company; (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolutions of the above company; and (iv) no misconduct or misfeasance had been involved on his part in the dissolution of the above company.

Mr. Zhuang Weijin (莊偉進), aged 46, is a vice president of our Group. Mr. Zhuang joined our Group in January 2008 and is responsible for expanding and developing industrial resources and supervising the daily operation of eco-operating department (生態運營事業部) and managing the marketing system of our Group.

From July 1999 to July 2006, Mr. Zhuang held several positions, including manager of publication department (發行部經理) and training department (培訓部經理) of the operating company of the Medical and Pharmaceutical Economic Newspaper (醫藥經濟報) hosted by SMERI and an editor and journalist of the said newspaper.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhuang obtained the bachelor's degree in pharmaceutical preparations (藥物製劑) from Guangdong Pharmaceutical University (廣東藥科大學)(formerly known as Guangdong Yao College (廣東藥學院)) in the PRC in June 1999.

Mr. Li Junguo (李俊國), aged 48, is a vice president of our Group. Mr. Li joined our Group in April 2009 and is responsible for overseeing the sales and marketing business, industrial resources analysis, exhibition planning and operation, public relationship and advertisement design of our Group.

From March 2003 to December 2005, Mr. Li served as director of the special issue department (新聞專刊部主任) and manager of operating department of the operating company of the Medical and Pharmaceutical Economic Newspaper (醫藥經濟報) hosted by SMERI. Since September 2020, Mr. Li has served as the independent director of Ruirentang Medical and Pharmaceutical Co., Ltd (瑞人堂醫藥集團股份有限公司), a company principally engaged in the operation of retail pharmacies.

Mr. Li obtained the bachelor's degree in history from Beijing Normal University (北京師範大學) in the PRC in July 1996.

JOINT COMPANY SECRETARIES

Ms. Zhang Xiao (張瀟), aged 35, was appointed as our joint company secretary on 3 June 2021.

Ms. Zhang is a senior manager of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specializing in corporate services, and has over seven years of experience in the corporate secretarial field. Ms. Zhang has been admitted as an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom in 2019.

Ms. Zhang obtained a bachelor's degree in Computer Science from The Chinese University of Hong Kong in 2010 and a master's degree in Corporate Governance from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in 2018.

Ms. Yi Xuhui (易旭暉), was appointed as the joint company secretary of our Company on 3 June 2021. Ms. Yi is also the chief financial officer of our Group and the board secretary (董事會秘書) of Sinohealth Information. For further details of Ms. Yi's biography, see "—Senior Management" in this section.

As Ms. Yi does not possess the qualifications as stipulated under Rule 3.28 and Rule 8.17 of the Listing Rules, we have applied for and have been granted a waiver by the Stock Exchange from strict compliance with the aforesaid Listing Rules. For further details, see "Waivers from Strict Compliance with the Listing Rules" in this prospectus.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Audit Committee

An audit committee was established by our Company pursuant to a resolution of our Board on 27 April 2022 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The primary duties of the audit committee are to make recommendations to our Board on the appointment and dismissal of the external auditor, monitor and review the financial statements and information and oversee the financial reporting system, risk management and internal control systems of our Company. The members of the Audit Committee are Mr. Wei Bin, Ms. Wang Danzhou and Ms. Du Yilin, all of whom are independent non-executive Directors. Mr. Wei Bin is the chairman of the Audit Committee.

Remuneration Committee

A remuneration committee was established by our Company pursuant to a resolution of our Board on 27 April 2022 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The primary duties of the remuneration committee are to make recommendation to our Board on the overall remuneration policy and structure for all Directors and senior management of our Group, review remuneration and ensure that none of our Directors determine their own remuneration. The members of the Remuneration Committee are Ms. Wang Danzhou, Ms. Du Yilin and Ms. Wang. Ms. Wang Danzhou is the chairperson of the Remuneration Committee.

Nomination Committee

A nomination committee was established by our Company pursuant to a resolution of the Board on 27 April 2022 with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. The primary duties of the nomination committee are to review the structure, size, composition and diversity of our Board at least annually and make recommendation to our Board regarding candidates to fill vacancies on our Board and/or in senior management. The members of the Nomination Committee are Mr. Wu, Ms. Du Yilin and Ms. Wang Danzhou. Mr. Wu is the chairman of the Nomination Committee.

REMUNERATION OF OUR DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive remuneration including salaries, bonuses, allowances, and certain benefits in kind, which may include pension scheme contributions. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations.

The aggregate remuneration paid to our Directors for the year ended 31 December 2019, 2020 and 2021 were approximately RMB1.3 million, RMB1.6 million and RMB1.4 million, respectively.

The aggregate remuneration paid to the five highest paid individuals of our Group, excluding our Directors, for the year ended 31 December 2019, 2020 and 2021 were approximately RMB2.8 million, RMB2.7 million and RMB4.4 million, respectively.

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No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office during the Track Record Period.

Under the arrangement currently in force, the aggregate amount of remuneration payable to our Directors for the year ending 31 December 2022 is estimated to be approximately RMB1.5 million (excluding any discretionary bonus).

THE SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarized in the section headed “Statutory and General Information—D. Other Information—1. Share Option Scheme” in Appendix IV to this prospectus.

COMPLIANCE ADVISER

Pursuant to Rule 3A.19 of the Listing Rules, our Company has appointed Giraffe Capital Limited as our compliance adviser. The compliance adviser will advise us on the following matters pursuant to Rule 3A.23 of the Listing Rules:

- (i) the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (iii) where our Company proposes 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 of this prospectus; and
- (iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares, the possible development of a false market in its securities, or any other matters.

The term of this appointment will commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.45 of the Listing Rules on the distribution of our annual report in respect of the financial results of the first full financial year commencing after the Listing Date.

CORPORATE GOVERNANCE CODE

Board Diversity

We have adopted a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of skills, experience and diversity perspectives of our Board that are relevant to our business growth. Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge,

DIRECTORS AND SENIOR MANAGEMENT

and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Board comprises six members, including two executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors have a balanced mix of knowledge and experiences, including business management, medical and healthcare research, data analysis, financial management and accounting. Our Board members also obtained degrees in various majors including international economics and trade, financial and economic management, accounting and health economics. Furthermore, the ages of our Directors range from 37 years old to 58 years old. We have also taken, and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at the Board and senior management levels. The Board Diversity Policy is well implemented as evidenced by the fact that there are three female and three male Directors with experience from different industries and sectors. The Directors are of the view that our Board satisfies the Board Diversity Policy.

We are also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) of the Company to enhance the effectiveness of our corporate governance.

Our nomination committee is responsible for ensuring the diversity of our Board. After the Listing, our nomination committee will review the board diversity policy (including gender balance) from time to time to ensure its continued effectiveness and we will disclose the implementation of the board diversity policy in our corporate governance report on an annual basis.

Chairman and chief executive officer

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Mr. Wu currently performs these two roles concurrently. Our Board believes that vesting the roles of both the chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group for more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority within our Group will not be impaired by the present arrangement and the current structure will enable our Company to make and implement decisions more promptly and effectively. Our Board will from time to time review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company to ensure appropriate and timely arrangements are in place to meet changing circumstances.

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The following discussion and analysis of our business, financial condition and results of operations are based on and should be read in conjunction with our financial statements as at and for each of the years ended 31 December 2019, 2020 and 2021, including the notes thereto, as set forth in the section headed “Accountant’s Report” in Appendix I to this prospectus and other financial information appearing elsewhere in this prospectus. Our consolidated financial statements have been prepared in accordance with HKFRSs, which may differ in material respects from generally accepted accounting principles in other jurisdictions. All HKFRSs effective for the accounting period commencing from 1 January 2021 together with the relevant transitional provisions, have been consistently applied by us in the preparation of the Historical Financial Information throughout the Track Record Period. You should read the entire Accountants’ Report and not merely rely on the information contained in this section. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this prospectus, including the sections headed “Risk Factors” and “Business”.

OVERVIEW

We primarily provide healthcare insight solutions to address the sales and marketing needs of our medical product manufacturer clients. These solutions are based mainly on our retail data as a significant part of our healthcare big data. We have a leading position in the medical products and channels segment. Our partnering pharmacies are our important business partners who primarily supply us with retail data, forming a key component of our database. We deliver our solutions mainly via offline channels such as in the form of reports, publications, events and campaigns. According to the iResearch Report, we ranked first for the medical products and channel segment of healthcare insight solutions in the PRC in terms of (i) revenue in 2021, and (ii) number of top medical product manufacturers and number of corporate clients served in 2020.

According to the iResearch Report, the total market size of China’s healthcare insight solutions amounted to RMB24.9 billion in 2021 (in which we ranked the 5th in terms of revenue) and is expected to increase to RMB130.3 billion in 2026, representing a CAGR of 39.2%. By application scenarios, China’s healthcare insight solutions market can be divided into three segments: (i) medical products and channels; (ii) medical services; and (iii) government supervision. We operate in the segment of insight solutions for medical products and channels. The medical products and channels segment amounted to RMB8.2 billion, accounting for approximately 32.9% of the total healthcare insight solutions in terms of revenue in 2021, and is expected to increase to RMB61.1 billion, accounting for approximately 46.9% of the total healthcare insight solutions in terms of revenue in 2026, according to the iResearch Report. Both the medical products and channels segment and the healthcare insight solutions market in

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China are relatively fragmented, and in terms of revenue in 2021, we accounted for market shares of approximately 3.9% (among approximately 800 to 1,000 market players) and approximately 1.3% (among more than 2,500 market players), respectively, based on the iResearch Report. While we are the market leader in healthcare insight solutions for medical products and channels, we are actively exploring the markets of healthcare insight solutions for medical services whenever there is an opportunity.

We primarily provide integrated healthcare insight solutions, including (i) Data Insight Solutions; (ii) Data-driven Publications and Events; and (iii) SaaS, to a diverse group of healthcare industry participants with a particular focus on medical product manufacturers. Leveraging on our competitive strengths, we achieved high net profit margins of approximately 30.6% and 32.3% for the years ended 31 December 2019 and 2020, respectively. For the year ended 31 December 2021, our net profit margin was approximately 22.2%, primarily as a result of the listing expenses incurred, the introduction of certain solutions with lower margins within Data Insight Solutions, and the Reorganization leading to a higher effective tax rate in 2021. See “—Description of Major Components of our Results of Operation—Profit for the Year” in this section. Our adjusted net profit margin (which is a non-HKFRS measure) for the year ended 31 December 2021 was 28.6%. See “—Non-HKFRS Measures” in this section for details.

During the Track Record Period, our business continued to grow steadily. Our revenue increased by approximately 13.7% from approximately RMB177.8 million for the year ended 31 December 2019 to approximately RMB202.1 million for the year ended 31 December 2020, and by approximately 60.4% to approximately RMB324.2 million for the year ended 31 December 2021. Our profit for the year was approximately RMB54.4 million, RMB65.3 million and RMB72.0 million for the years ended 31 December 2019, 2020 and 2021, respectively.

BASIS OF PRESENTATION

Pursuant to the Reorganization, as more fully explained in the paragraph headed “Reorganization” in the section headed “History, Reorganization and Corporate Structure” in the prospectus, the Company became the holding company of the companies now comprising our Group on 8 June 2021.

Our Consolidated Affiliated Entities are engaged and will engage in the production of videos and provision of internet information services and internet data center services (including internet resources cooperation services) (together, the “**Restricted Businesses**”). Under the Catalog of Industries for Encouraging Foreign Investment (2020 Version) and the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021 Version), foreign investors are restricted or prohibited to invest in Restricted Businesses. A wholly-owned subsidiary of the Company, WFOE, has entered into a series of Contractual Arrangements with the Consolidated Affiliated Entities and the VIE Shareholders. The Contractual Arrangements enable WFOE to exercise effective control over the Consolidated Affiliated Entities and obtain substantially all economic benefits of the Consolidated Affiliated Entities. Accordingly, the Consolidated Affiliated Entities are controlled by the Company based on the Contractual Arrangements though the Company does not have any direct or indirect equity interest in the Consolidated Affiliated Entities. Details of the Contractual Arrangements are disclosed in the section headed “Contractual Arrangements” in this prospectus.

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As the Reorganization only involved inserting new holding companies and entering into the Contractual Arrangements that has not resulted in any change of respective voting, economic substances and beneficial interests, for the purpose of this prospectus, the historical financial information for the Track Record Period has been presented as a continuation of the existing company and its subsidiaries using the pooling of interests method as if the Reorganization had been completed at the beginning of the Track Record Period.

Accordingly, the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of our Group for the Track Record Period include the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date of incorporation of the subsidiaries, where this is a shorter period. The consolidated statements of financial position of our Group as at 31 December 2019, 2020 and 2021 have been prepared to present the assets and liabilities of the companies now comprising our Group using the existing book values. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganization.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group transactions and balances have been eliminated on consolidation in full.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with HKFRSs (which include all HKFRSs, 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 2021, together with the relevant transitional provisions, have been consistently applied by our Group in the preparation of the historical financial information throughout the Track Record Period.

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.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATION

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are outside of our control. These factors include but are not limited to the following:

General Factors

Our business and results of operations are impacted by general factors affecting the broader healthcare industry and healthcare insight solutions industry in the PRC, including:

- China's overall economic growth and development of China's healthcare industry;
- development, prospects and competition of healthcare insight solutions industry in the PRC;

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- business growth and spending of healthcare industry participants on digital transformation;
- performance of and the perceived value associated with our solutions and products; and
- governmental policies, initiatives and incentives affecting the healthcare industry and healthcare insight solutions industry in the PRC.

For more information regarding healthcare industry and healthcare insight solutions industry in the PRC, see “Industry Overview” in this prospectus. For impact of the COVID-19 outbreak on our results of operations, see “Summary—Impact of the COVID-19 Outbreak” in this prospectus.

Company Specific Factors

Our ability to further expand our client base and maintain our relationship with them

According to the iResearch Report, we ranked first for the medical products and channel segment of healthcare insight solutions in the PRC in terms of (i) revenue in 2021, and (ii) number of top medical product manufacturers and number of corporate clients served in 2020. We have established an extensive and loyal client base. For the years ended 31 December 2019, 2020 and 2021, we had 630, 702 and 918 corporate clients, respectively. A high degree of client stickiness allows us to attract more clients, which is crucial to our continuous business growth. Leveraging our Healthcare Industry Participant Networks, big data and technologies, we have established a favorable market position and brand recognition in the healthcare insight solutions market in China, which provides us with a strong pricing power. Our ability to maintain or increase the selling price of our products will largely depend on our ability to compete effectively and differentiate our solutions and products through strong brand recognition, product development and sales and marketing efforts. Our revenue increased from approximately RMB177.8 million for the year ended 31 December 2019 to approximately RMB202.1 million for the year ended 31 December 2020 and to approximately RMB324.2 million for the year ended 31 December 2021, mainly due to our enhanced capabilities and market recognition of our solutions and products as well as an increase in an overall development of the healthcare insight solutions market partly driven by the need of digital transformation.

We have established and maintained long-term relationship with our clients, especially medical product manufacturers. According to the iResearch Report, medical product manufacturers will have the strongest payment capabilities to afford healthcare insight solutions. In 2020, according to the iResearch Report, we had 57 top medical product manufacturer clients, and we ranked first among China’s medical products and channels insight solution providers for the number of top medical product manufacturers covered. According to the iResearch Report, in 2021, the number of the top medical product manufacturer clients we covered increased to 63. Approximately 69.8% of these 63 top medical product manufacturer clients had transactions with us in each of the three years ended 31 December 2019, 2020 and 2021. Our contracts with clients are typically on a project or term basis and we generally do not enter into long-term contracts with clients. If we are unable to expand our business with existing clients or

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attract new clients, we may experience slow growth, no growth or negative growth, and our business, financial performance and results of operations would be materially and adversely affected. Furthermore, any change of business development plan or any adverse changes in the business or financial performance of our major clients, including any liquidity problems, restructuring, winding up or liquidation, may also result in a higher level of credit risk for us.

Our ability to monetize our SaaS products

Our SaaS is currently at a ramp-up stage. In 2015, we launched CHIS, our first SaaS, which was followed by our further initiatives of launching SIC in 2018 as well as Pharmacy Connect and LinkedSee in 2020. During the Track Record Period, we recorded growth in revenue generated from our SaaS products, primarily attributable to our cross-selling opportunities through Data Insight Solutions and Data-driven Publications and Events, strengthened brand and reputation and our direct marketing efforts. Our SaaS corporate clients increased by 25.2% from 226 in 2019 to 283 in 2020 and by 52.7% to 432 in 2021. Our revenue generated from SaaS products increased by approximately 57.0% from approximately RMB4.4 million for the year ended 31 December 2019 to approximately RMB7.0 million for the year ended 31 December 2020 and by approximately 304.0% to approximately RMB28.2 million for the year ended 31 December 2021. We recorded a gross loss margin of 22.9% in 2019, primarily due to our staff costs, and data costs in relation to the operation and promotion of our SaaS products. Our SaaS entered a commercialization stage in 2020 and we began to recoup our previous investment in SaaS. We recorded a gross profit margin of 8.0% and 60.4% in 2020 and 2021, respectively.

As we continue to focus on expanding the client base for our SaaS, we have been and will continue upgrading and optimizing our existing SaaS products to address our clients' evolving business needs. Currently, our SaaS offerings include (i) Smart Decision Cloud; (ii) Smart Retail Cloud; (iii) Smart Health Management Cloud; and (iv) Smart Medical Cloud. During the Track Record Period, sales of our Smart Decision Cloud accounted for approximately 80.1%, 82.7% and 83.9% of our revenue generated from SaaS. We strive to continue to introduce new functions and features to optimize the performance of our SaaS products. Our Smart Medical Cloud began generating revenue in 2021 and accounted for 3.9% of our revenue generated from SaaS for the year ended 31 December 2021. We also intend to launch new products to diversify our SaaS offerings which can be applied to more business scenarios and bring our value to our clients.

According to the iResearch Report, the market size of healthcare insight solutions for medical products and channels by SaaS delivery will grow much faster than by non-SaaS delivery in the future. It is expected that such market size by SaaS delivery will increase from RMB1.2 billion in 2021 to RMB12.9 billion in 2026, representing a CAGR of 61.4%. We expect that our sales of our SaaS products will continue to grow with sustained demand from the industry.

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Our ability to manage costs and improve operational efficiency

We operate a cost-effective business model. We recorded high gross profit margin during the Track Record Period. For the years ended 31 December 2019, 2020 and 2021, our gross profit margin was approximately 59.7%, 64.4% and 59.4%, respectively. For the same periods, our net profit margin was approximately 30.6%, 32.3% and 22.2%, respectively. Our net profit margin had dropped for the year ended 31 December 2021 primarily as a result of the listing expenses incurred, the introduction of certain solutions with lower margins within Data Insight Solutions, and the Reorganization leading to a higher effective tax rate. See “—Description of Major Components of Our Results of Operations—Income Tax Expenses” in this section. Our adjusted net profit margin (which is a non-HKFRS measure) for the year ended 31 December 2021 was 28.6%. See “—Non-HKFRS Measures” in this section for details. Our high gross profit margin was achieved through our management of our cost of sales. During the Track Record Period, event costs and staff costs were our largest components of our cost of sales. Our event costs, which mainly include venue and equipment rentals, event planning and organization services fees and accommodation and catering costs, are generally one of the largest components of our cost of sales and accounted for approximately 37.9%, 32.4% and 24.3% of our total cost of sales for the years ended 31 December 2019, 2020 and 2021, respectively. During the Track Record Period, we were able to transfer the increased event costs to our clients. Staff costs mainly refer to our employee benefits for our employees involved in the operation and delivery of our solutions and products. During the Track Record Period, staff costs accounted for approximately 30.7%, 38.3% and 34.4% of our total cost of sales for the years ended 31 December 2019, 2020 and 2021, respectively. While we highly value our employees and increase our salary level from time to time with reference to market rates to incentivize and retain our employees, we manage our staff costs with prudence and budgeting. We also achieved high net profit margins during the years ended 31 December 2019 and 2020, primarily due to (i) our management of research and development costs, which primarily consist of employee benefits paid to our research and development personnel; and (ii) our low selling and distribution expenses which accounted for only 6.0% and 7.3% of our total revenue for the years ended 31 December 2019 and 2020, respectively. We continued this trend in 2021, in which our selling and distribution expenses accounted for 7.6% of our total revenue for the year ended 31 December 2021.

Going forward, our ability to manage our costs and improve our operational efficiency is important to our overall profitability. As we continue to grow our business, we expect to benefit from economies of scale and achieve additional cost savings.

Level of income tax and preferential tax treatment

Our profit attributable to owners is affected by the level of income tax that we pay and the preferential tax treatment to which we are entitled. For the years ended 31 December 2019, 2020 and 2021, our income tax expenses were approximately RMB12.7 million, RMB10.7 million and RMB23.6 million, accounting for approximately 7.2%, 5.3% and 7.3% of our total revenue, respectively. For the same periods, our effective tax rate was 19.0%, 14.1% and 24.7%, respectively. This increase in our effective tax rate was a result of the transfer of the Non-restricted Businesses to WFOE and its subsidiaries and hence being subject to the unified corporate income tax rate of 25% as part of WFOE and our non-tax deductible listing expenses.

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Sinohealth Information has been recognized as a High and New Technology Enterprise in 2016 and 2019 to enjoy a preferential corporate income tax rate of 15% for the years ended 31 December 2019, 2020 and 2021. However, there is no assurance that we will continue enjoying the preferential tax rate in the long run and it is possible that the standard 25% corporate income tax rate could apply to us in future periods. See “—Description of Major Components of our Results of Operations—Income Tax Expenses” in this section of this prospectus. In addition, to ensure the Contractual Arrangements are narrowly tailored under the requirement of the Stock Exchange, save for those disclosed in “Contractual Arrangements”, we have transferred the Non-restricted Businesses to WFOE and its subsidiaries and WFOE is subject to the unified corporate income tax rate of 25%. As a result, the preferential treatments applicable to Sinohealth Information will have a reduced beneficial effect. WFOE intends to apply for recognition as a High and New Technology Enterprise in 2022. However, recognition as a High and New Technology Enterprise is subject to the satisfaction of certain conditions. There can be no assurance that WFOE will successfully obtain recognition as a High and New Technology Enterprise and enjoy the 15% preferential tax treatment in the future.

In addition, certain of our PRC subsidiaries were identified as small and micro enterprises and were entitled to a preferential tax rate of 2.5%, 5% or 10% during the Track Record Period in accordance with the applicable PRC laws and regulations. Any change in the applicable corporate income tax rate upon the expiration of preferential tax treatments could have a negative impact on the amount of tax we pay and consequently have a material adverse impact on our results of operations and financial condition.

Continuous investment in research and development

We invested significantly during the Track Record Period to improve our big data and AI technologies, incubation of SaaS and aPaaS infrastructure. For the years ended 31 December 2019, 2020 and 2021, our research and development costs were approximately RMB29.3 million, RMB39.8 million and RMB53.7 million, accounting for approximately 16.5%, 19.7% and 16.6% of our total revenue for the same years, respectively. We intend to continue to invest in attracting more talented research and development personnel with diversified backgrounds and further developing and applying advanced technologies in the fields of cloud computing, big data and AI technologies to enhance our solutions and products. As a result, research and development costs will continue to affect our results of operations.

SIGNIFICANT ACCOUNTING POLICIES

We have identified certain accounting policies that we believe are most significant to the preparation of our consolidated financial statements. Some of our significant accounting policies involve subjective assumption and estimates, as well as complex judgments by our management relating to accounting items. Our significant accounting policies are set forth in detail in the section headed “Accountant’s Report—Note 2.4” in Appendix I to this prospectus.

Revenue Recognition

Revenue from contracts with clients

Revenue from contracts with clients is recognized when control of goods or services is transferred to the clients at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services.

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When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which our Group will be entitled in exchange for transferring the goods or services to the client. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the client with a significant benefit of financing the transfer of goods or services to the client for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between our Group and the client at contract inception. When the contract contains a financing component which provides our Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the client and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Our Group transfers control of goods or services over time and recognizes revenue over time, if one of the following criteria is met:

- the client simultaneously receives and consumes the benefits provided by our Group's performance as our Group performs;
- our Group's performance creates or enhances an asset that the client controls as the asset is created or enhanced; or
- our Group's performance does not create an asset with an alternative use to our Group and our Group has 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 client obtains control of the goods or services.

For contracts that contain more than one performance obligation, our Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which our Group would sell a promised good or service separately to a client. If a stand-alone selling price is not directly observable, our Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which our Group expects to be entitled in exchange for transferring the promised goods or services to the client.

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Our Group entered into certain transactions with retail pharmacies to provide services in exchange for receiving data. The transactions may include cash consideration in addition to the non-cash consideration. Our Group considers the specific facts and circumstances to account for such transactions. For the transactions that are within the scope of HKFRS 15, revenue is recognized when the promised services are transferred to the client and the Group obtains control of the data. The non-cash consideration obtained from the clients is measured at fair value. If the fair value of the non-cash consideration cannot be estimated reliably, our Group measures the consideration indirectly by reference to the standalone selling price of the services transferred to the client.

Our Group derives revenue from the provision of Data Insight Solutions, Data-driven Publications and Events and SaaS products.

(a) Data Insight Solutions

Data Insight Solutions involve delivery of one-off and/or periodic customized reports, and if required, report interpretations of data analytics and problem-solving recommendations to medical product manufacturers, regulators, industry experts and researchers as well as the provision of data-driven marketing solutions to clients.

Delivery of customized data insight reports

For delivery of customized data insight reports, our Group agrees the sales price for service with the clients upfront and bills to the clients based on the actual service rendered and completed. The contract usually contains multiple deliverable units (i.e., provision of monthly reports, quarterly reports and annual reports within one contract) and each of them is sold at the standalone selling price specified within the contract. Each individual deliverable unit is regarded as a performance obligation. Our Group recognized revenue at the point of time when the individual report is delivered and accepted by the clients.

Provision of data-driven marketing solutions

Data-driven Marketing Solutions mainly include provision of promotional activities services, media content services and training services.

The contract with clients relating to data-driven marketing solutions consists of multiple solutions, i.e. combination of provision of marketing strategies and proposals, organization of training service, provision of advertising service and organization of customized promotional activities. Each of the multiple solutions is sold at the standalone selling price specified in the contract. Each individual solution is regarded as a performance obligation.

Revenue from each individual data-driven marketing solution is recognized over time, because the client simultaneously receives and consumes the benefits provided by our Group. The Group uses the output method to measure progress towards complete satisfaction of the service, based on units of delivery.

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(b) Data-driven Publications and Events

Our Group is engaged in the provision of Data-driven Publications and Events services which include a combination of publications, precision connections and exhibitions.

The contract with clients relating to Data-driven Publications and Events consisted of multiple promised services (i.e., organizing and hosting Industry Events and related value-added services such as provision of forum discussions, exhibitions or provision of billboard in the conference). Our Group determined that organizing and hosting Industry Events and related value-added services represent one performance obligation, because these promises are mutually dependent and the client is unable to derive significant benefits from its access to value-added services for the intended purpose without receipt of the promises of organizing and hosting Industry Events.

The revenue from Data-driven Publications and Events is recognized over the time of conference, on a straight-line basis, because the client simultaneously receives and consumes the benefits provided by our Group.

(c) SaaS products

SaaS products involve granting right to access our proprietary cloud-based software together with additional standardized reports on an ad hoc demand with singular or multiple user accounts and provision of right to use an API to generate a report and provision of application software development services.

Granting right to access the proprietary cloud-based software

Revenue from SaaS products is recognized over the granted user period on a straight-line basis, starting from the point when the user account is activated, i.e. the user is able to use and benefit from the services, and other revenue recognition criteria are met.

Provision of API use

Revenue is recognized at a point in time when the right to use an API is provided and the report is generated for clients.

Provision of application software development service

Revenue is recognized at a point in time when the application software together with relevant license is delivered and accepted by the clients.

Other Income

Interest income is recognized 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.

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Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the client. If our Group performs by transferring goods or services to a client before the client 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, details of which are included in the accounting policies for impairment of financial assets.

Contract Liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a client before our Group transfers the related goods or services. Contract liabilities are recognized as revenue when our Group performs under the contract (i.e., transfers control of the related goods or services to the client).

Fair Value Measurement

Our Group measures its financial assets at fair value through profit or loss at the end of each reporting period during the Track Record Period. 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 our 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.

Our Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the historical financial information are categorized 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

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For assets and liabilities that are recognized in the historical financial information on a recurring basis, our 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 reporting period during the Track Record Period.

Impairment of Financial Assets

Our Group recognizes 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 our 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 recognized 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 the end of each reporting period during the Track Record Period, our Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, our 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.

Our Group considers a financial asset in default when contractual payments are 30 to 90 days past due. However, in certain cases, our Group may also consider a financial asset to be in default when internal or external information indicates that our Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by our Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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Financial assets at amortized 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 our Group applies the practical expedient of not adjusting the effect of a significant financing component, our Group applies the simplified approach in calculating ECLs. Under the simplified approach, our Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. Our 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.

Research and Development Costs

All research costs are charged to profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and our ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth our consolidated statements of profit or loss and other comprehensive income with line items in absolute amounts and as percentages of our revenue for the years indicated.

	For the year ended 31 December					
	2019		2020		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Revenue	177,750	100.0%	202,073	100.0%	324,166	100.0%
Cost of sales	(71,654)	(40.3)%	(71,867)	(35.6)%	(131,527)	(40.6)%
Gross profit	106,096	59.7%	130,206	64.4%	192,639	59.4%
Other income and gains	15,662	8.8%	19,026	9.4%	29,537	9.1%
Selling and distribution expenses	(10,691)	(6.0)%	(14,833)	(7.3)%	(24,786)	(7.6)%
Administrative expenses	(12,780)	(7.2)%	(16,585)	(8.2)%	(44,163)	(13.6)%
Research and development costs	(29,262)	(16.5)%	(39,821)	(19.7)%	(53,711)	(16.6)%
Impairment losses on financial assets, net	(1,303)	(0.7)%	(691)	(0.3)%	(2,855)	(0.9)%
Other expenses	(31)	0.0%	(8)	0.0%	(184)	(0.1)%
Finance costs	(576)	(0.3)%	(1,222)	(0.6)%	(532)	(0.2)%
Share of losses of Associates	—	—	—	—	(416)	(0.1)%
Profit before tax	67,115	37.8%	76,072	37.6%	95,529	29.5%
Income tax expense	(12,736)	(7.2)%	(10,743)	(5.3)%	(23,551)	(7.3)%
Profit for the year	54,379	30.6%	65,329	32.3%	71,978	22.2%
Total comprehensive income for the Year	54,379	30.6%	65,329	32.3%	71,978	22.2%
Attributable to:						
Owners of the parent	56,089	31.6%	67,926	33.6%	78,813	24.3%
Non-controlling interests	(1,710)	(1.0)%	(2,597)	(1.3)%	(6,835)	(2.1)%
	54,379	30.6%	65,329	32.3%	71,978	22.2%

NON-HKFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also present adjusted net profit as an additional financial measure, which is not required by, nor presented in accordance with, HKFRS. We define adjusted net profit as net profit for the year excluding listing expenses. Adjusted net profit eliminates the effect of our listing expenses. We present this additional financial measure as it is used by our management to evaluate our financial performance. We also believe that this non-HKFRS measure provides

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useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting years and to those of our peer companies.

However, our presentation of adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of this non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under HKFRS.

The following table sets forth the reconciliation of our non-HKFRS financial measure for each year of the Track Record Period presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	For the year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	54,379	65,329	71,978
Add:			
Listing expenses ⁽¹⁾	–	–	20,648
Adjusted net profit (Non-HKFRS measure).	54,379	65,329	92,626
Adjusted net profit margin (Non-HKFRS measure)(%)	30.6	32.3	28.6

Note:

⁽¹⁾ Listing expenses are commonly not included in similar non-HKFRS financial measures.

The adjusted net profit (non-HKFRS measure) has not excluded government grants received from local government departments for each of the years comprising the Track Record Period, such as those relating to the Industry Prospect Event held in Hainan since 2016. For the years ended 31 December 2019, 2020 and 2021, our government grants were approximately RMB1.7 million, RMB3.4 million and RMB16.4 million, respectively. In particular, government grants received increased from the year ended 31 December 2020 to the year ended 31 December 2021 primarily because a large portion of government grants received in 2021 were in relation to the Industry Prospect Events held in 2019, 2020 and 2021 but which were only received in 2021 from the Government of Hainan Province. The Group intends to continue applying for such government grants in the future. As each government grant must be applied for in respect of each conference individually and the relevant government department has the discretion to determine when grant payments are made, the grants are only recognized by the Group when received. As such, the Group has not excluded its government grants in the calculation of the adjusted net profit (non-HKFRS measure) as they are considered recurring in nature.

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DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

We have a proven track record of monetizing our solutions and products. During the Track Record Period, our revenue was generated from three business segments, namely (i) Data Insight Solutions; (ii) Data-driven Publications and Events; and (iii) SaaS. For more information regarding our business segments, see “Business—Our Business Segments” in this prospectus. Our solutions and products are highly valued by our clients. For the years ended 31 December 2019, 2020 and 2021, our total revenue was approximately RMB177.8 million, RMB202.1 million and RMB324.2 million, respectively.

Our revenue growth during the Track Record Period was primarily in line with the overall development of China’s healthcare insight solutions market. The PRC Government has issued various supportive policies which have continuously driven the development of the healthcare insight solutions market. For example, with the deepening reform of the medical and health system in China, the PRC Government initiated certain policies to promote out-of-hospital circulation of drugs and equipment. According to the Notice on Issuing the Key Tasks for Deepening the Reform of the Medical and Health System in 2016, patients can choose to purchase prescription drugs at the outpatient pharmacies of hospitals or in retail pharmacies with a prescription, encouraging the development of chain pharmacies and promote the separation of medicines and treatments. The reform continued to progress in 2017 and 2018, with certain policies promoting market competition and prescription outflow. With the introduction of the prescription outflow policy at the end of 2019, all provinces in China started to promote the application of electronic prescription information sharing platforms in certain provincial hospitals, driving an increase in the market size of the out-of-hospital circulation of drugs and equipment and bringing new opportunities to retail pharmacies. After the Guiding Opinions on Improving the Centralized Procurement of Drugs in Public Hospitals was issued by the General Office of the State Council in 2015 that implemented classified procurement of drugs and put forward detailed guidelines for the centralized procurement of drugs in public hospitals, the Pilot Scheme of the National Organization Centralized Drug Procurement and Use was issued in January 2019, pursuant to which a centralized drug bulk procurement regime was implemented. Under this pilot scheme, certain medical product manufacturers strategically refrained from participating in the public hospital procurement bidding processes and turned to out-of-hospital channels after considering the costs and benefits of bidding prices of centralized drug bulk procurement which are relatively low. The healthcare industry is incentivized to seek business growth through digital transformation, which provides us with great opportunities of healthcare insight solutions for medical products and channels, particularly those relating to out-of-hospital Data Insight Solutions, and driving our growth. See “Industry Overview—Favorable policies to encourage digitalization development” in this prospectus.

Our healthcare insight solutions for medical products and channels aim to address this industry development and demand from the industry verticals. We strive to improve our big data and AI technologies such as our data standardization and data processing capabilities. Through offering enhanced solutions and products that are valuable to the medical product manufacturers and retail pharmacies, we recorded stable growth during the Track Record Period. The number of our corporate clients increased during the Track Record Period. For the years ended 31 December 2019, 2020 and 2021, we had 630, 702 and 918 corporate clients, respectively.

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During the Track Record Period, over 99% of our revenue was generated from Mainland China. The following table sets forth a revenue breakdown by geographical location of our clients during the years indicated.

	For the year ended 31 December					
	2019		2020		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Mainland China	177,093	99.6%	201,292	99.6%	323,205	99.7%
Overseas ⁽¹⁾	657	0.4%	781	0.4%	961	0.3%
	<u>177,750</u>	<u>100.0%</u>	<u>202,073</u>	<u>100.0%</u>	<u>324,166</u>	<u>100.0%</u>

Note:

⁽¹⁾ Overseas includes Hong Kong, Germany, Singapore, the United Kingdom, Switzerland, France and South Korea.

The following table sets forth a breakdown of our revenue by business segments during the Track Record Period.

	For the year ended 31 December					
	2019		2020		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Data Insight Solutions	92,800	52.2%	98,418	48.7%	161,367	49.8%
Data-driven Publications and Events	80,506	45.3%	96,678	47.8%	134,613	41.5%
SaaS	4,444	2.5%	6,977	3.5%	28,186	8.7%
Total	<u>177,750</u>	<u>100.0%</u>	<u>202,073</u>	<u>100.0%</u>	<u>324,166</u>	<u>100.0%</u>

Data Insight Solutions

Our Data Insight Solutions is the segment with the longest operating history and largely contributed to our revenue during the Track Record Period. We expect that our Data Insight Solutions will continue as our primary revenue generator in the foreseeable future. We provide tailor-made solutions on demand based on our data insights. We typically negotiate our fee with our clients on a case-by-case basis, depending on our scope of work and costs. During the Track Record Period, our fees charged for Data Insight Solutions generally ranged from approximately RMB100,000 to RMB1 million per project and may exceed a few million RMB depending on scope of our work and complexity. For the years ended 31 December 2019, 2020 and 2021, our revenue derived from Data Insight Solutions amounted to approximately RMB92.8 million, RMB98.4 million and RMB161.4 million, accounting for approximately 52.2%, 48.7% and 49.8% of our total revenue, respectively.

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The following table sets forth a breakdown of our revenue of our Data Insight Solutions by application scenario for the years indicated.

	For the year ended 31 December					
	2019		2020		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Growth and Investment Decision Solutions	50,549	54.5%	66,613	67.7%	115,090	71.3%
Data-driven Marketing Solutions	42,251	45.5%	31,805	32.3%	46,277	28.7%
Total	<u>92,800</u>	<u>100.0%</u>	<u>98,418</u>	<u>100.0%</u>	<u>161,367</u>	<u>100.0%</u>

Our revenue generated from Data Insight Solutions increased by 6.1% from RMB92.8 million for the year ended 31 December 2019 to RMB98.4 million for the year ended 31 December 2020 and further increased by approximately 64.0% to approximately RMB161.4 million for the year ended 31 December 2021. This growth in revenue during the Track Record Period was primarily due to a continuous increase in our revenue generated from our Growth and Investment Decision Solutions which was primarily driven by (i) our efforts in developing solutions for new application scenarios; (ii) our expanded network of partnering pharmacies which allow us to collect a variety of retail data in an efficient manner for our data insights. Our partnering pharmacies increased from 496 as at 31 December 2019 to 759 as at 31 December 2020 and further to 1,072 as at 31 December 2021 and the pharmacy stores covered increased from 25,157 as at 31 December 2019 to 37,703 as at 31 December 2020 and further to 52,882 as at 31 December 2021; (iii) our improved data governance efficiency such as achieving a higher rate of machine data processing from over 80% to over 98%; and (iv) an increase in the number of our corporate clients and their transaction amounts for Growth and Investment Decision Solutions. We had successfully attracted and retained quality corporate clients through our continuous enhancement of our big data capabilities in response to increased market demand driven by the overall development of the healthcare insight solutions, including that related to data insight research and consulting for innovative drugs and products or treatments.

For the year ended 31 December 2020, the increase in our revenue generated from our Growth and Investment Decision Solutions was partially offset by a decrease in our revenue generated from our Data-driven Marketing Solutions, which is our data-driven offering of customized marketing consultation and campaign coordination, media content production and training services to medical product manufacturers to help with promotion of their products and to connect with potential retail pharmacies and end-consumers using our Media Channels and other forms of digital communication as well as offline campaigns. This decrease in revenue generated from Data-driven Marketing Solutions from RMB42.3 million for the year ended 31 December 2019 to RMB31.8 million for the year ended 31 December 2020 was primarily due to (i) our strategic focus on digital marketing formats and gradual reduction in the use of print advertising, which we had largely phased out by 2019, as we considered that online marketing would become the mainstream formats given its advantages such as measurable and instant results, cost effectiveness and increased popularity; and (ii) a decrease in demand for our offline marketing campaigns, training services and related sales due to the spread of COVID-19 in China during parts of 2020 as clients and consumers faced uncertainty and were more conscious of their expenses while some pharmacies were only able to operate for limited business hours. For the year ended 31 December 2021, revenue generated from our

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Data-driven Marketing Solutions increased to RMB46.3 million, primarily as demand recovered after effects from the COVID-19 pandemic subsided in late 2020 and 2021 and there was an increase in sales generated from our expanded precision marketing solutions integrated with data-driven marketing consultation, campaign coordination and advertising services for promotion of our clients' products on digital media and other advertising channels. These newly introduced precision marketing solutions were popular with clients seeking both online and offline advertising campaigns for targeted audiences.

Data-driven Publications and Events

During the Track Record Period, Data-driven Publications and Events were also an important component of our business. We provide Data-driven Publications and Events through our Healthcare Industry Participant Networks. For the years ended 31 December 2019, 2020 and 2021, our revenue derived from Data-driven Publications and Events amounted to approximately RMB80.5 million, RMB96.7 million and RMB134.6 million, accounting for approximately 45.3%, 47.8% and 41.5% of our total revenue, respectively. For our fee model applicable to our Data-driven Publications and Events, see "Business—Our Business Segments—Data-driven Publications and Events—Fee Model" in this prospectus.

The following table sets forth a revenue breakdown of our Data-driven Publications and Events by Industry Events for the years indicated.

	For the year ended 31 December					
	2019		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%
Industry Prospect Event	51,889	64.5%	64,635	66.9%	89,541	66.5%
Merchandise Trading Event	15,386	19.1%	17,742	18.4%	30,834	22.9%
Retail Sales Event	10,528	13.1%	7,064	7.3%	8,808	6.5%
Others ⁽¹⁾	2,703	3.3%	7,237	7.4%	5,430	4.1%
Total	<u>80,506</u>	<u>100.0%</u>	<u>96,678</u>	<u>100.0%</u>	<u>134,613</u>	<u>100.0%</u>

Note:

⁽¹⁾ Others include our other marketing events on a regional level such as Key Client Events, Competitiveness in China and Inter-provincial and Regional Dynamic Sales Events.

We have initiated attempts to transform and upgrade our Data-driven Publications and Events through our Industry Events from time to time in order to enhance our brand name and attract more corporate clients of larger size in the healthcare industry. Our initiatives to transform and upgrade our Data-driven Publications and Events included our upgrades of certain modules for attendees of the Industry Prospect Event and the Merchandise Trading Event in 2019. We also started to include representatives from online and offline sales channels and logistics companies as our target attendees to our Retail Sales Event in addition to medical product manufacturers and pharmacies.

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Our Industry Prospect Event, which was generally held in the second half of each year during the Track Record Period, contributed to approximately 64.5%, 66.9% and 66.5% of our revenue generated from our Data-driven Publications and Events for 2019, 2020 and 2021, respectively. In 2019, with reference to the latest practices in the healthcare industry, we replaced certain publication and business connection components that were merely designed for medical product manufacturers and retail pharmacies at our Industry Prospect Event with those more attractive and relevant to a wider range of industry participants, including new drug companies, biotech companies, investment institutions, and insurance companies. In particular, we reduced the emphasis on promotion of particular products to incorporate a publication section on strategy, trends and development of China's healthcare industry while highlighting decisions and actions of major industry players. Our revenue generated from our Industry Prospect Event increased by 24.6% from 2019 to 2020, primarily due to increased market acceptance of the aforesaid new components. Revenue generated from our Industry Prospect Event further increased by 38.5% from 2020 to 2021 as the increase in market acceptance of our event components continued.

The operation of our Industry Events was affected by the spread of COVID-19 in China during early 2020. Specifically, we canceled a semi-annual Retail Sales Event which was originally held in the first half of 2020. In addition, our Merchandise Trading Event was held in the first half of 2020 in a smaller scale. Nonetheless, our Industry Prospect Event was held during the second half of the year, the schedule of which was less affected by COVID-19. We recorded remarkably higher demand for our Industry Prospect Event in 2020 given that (i) our Industry Prospect Event was influential and trusted in the healthcare industry and our clients were eager to obtain healthcare insight solutions in the wake of the recovery from the COVID-19 pandemic in the second half of 2020; and (ii) the upgraded components of our Industry Prospect Event were better received among our clients in 2020 after our initial attempts in 2019. In addition, we launched other events on a regional level, including Inter-provincial and Regional Dynamic Sales Event and upgraded our other events in order to capture market opportunities under COVID-19 in China.

SaaS

Our SaaS products provide our clients with user-friendly software embedded with certain sets of data insights and management tools which are of common demand and relevant to concerns of our clients. By application scenario and target client, our SaaS products are categorized as: (i) Smart Decision Cloud; (ii) Smart Retail Cloud; (iii) Smart Health Management Cloud; and (iv) Smart Medical Cloud. For the years ended 31 December 2019, 2020 and 2021, revenue derived from our SaaS products was approximately RMB4.4 million, RMB7.0 million and RMB28.2 million, accounting for approximately 2.5%, 3.5% and 8.7% of our total revenue, respectively. As more of our SaaS products entered a commercialization stage in 2020 and we recouped our previous investments and recorded steady increases in revenue generated from this segment. Our revenue generated from SaaS was mainly derived from Smart Decision Cloud which targeted medical product manufacturers that were more willing to pay for our SaaS to support their business growth. We recorded insignificant revenue generated from Smart Retail Cloud through SIC add-on services. We began generating revenue from Smart Health Management Cloud in 2020 and Smart Medical Cloud in 2021.

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The following table sets forth a revenue breakdown of our SaaS products by application scenario for the years indicated.

	For the year ended 31 December					
	2019		2020		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Smart Decision Cloud	3,559	80.1%	5,770	82.7%	23,658	83.9%
Smart Retail Cloud	885	19.9%	1,005	14.4%	3,080	10.9%
Smart Health						
Management Cloud	–	–	202	2.9%	371	1.3%
Smart Medical Cloud	–	–	–	–	1,077	3.9%
Total	<u>4,444</u>	<u>100.0%</u>	<u>6,977</u>	<u>100.0%</u>	<u>28,186</u>	<u>100.0%</u>

Our revenue generated from SaaS increased during the Track Record Period, primarily due to our continuous efforts in developing, improving and promoting our SaaS products. For the years ended 31 December 2019, 2020 and 2021, we had 226, 283 and 432 corporate clients for our SaaS products, respectively. For the years ended 31 December 2019, 2020 and 2021, Smart Decision Cloud contributed to 80.1%, 82.7% and 83.9% of our total revenue generated from SaaS.

Cost of Sales

Our cost of sales primarily consisted of (i) event costs; (ii) staff costs; (iii) marketing expenses; (iv) traveling and transportation expenses; (v) labor services fees; (vi) data costs; (vii) advertising agency expenses; (viii) depreciation of right-of-use assets; and (ix) others. For the years ended 31 December 2019, 2020 and 2021, our cost of sales was approximately RMB71.7 million, RMB71.9 million and RMB131.5 million, accounting for approximately 40.3%, 35.6% and 40.6% of our total revenue for the same periods, respectively.

Event costs and staff costs were the major components of our cost of sales. Event costs primarily include venue and equipment rentals, event planning and organization services fees, accommodation and catering costs in relation to the delivery of our Data-driven Publications and Events as well as our Data-driven Marketing Solutions. Staff costs mainly refer to our employee benefits for our employees in relation to the daily operation and maintenance of our solutions and products. In 2020, we were entitled to social insurance premium exemptions in accordance with certain corporate relief policies issued by the PRC Government.

Marketing expenses were mainly in relation to our direct sales efforts, marketing campaigns and advertising video production and services for our clients. Traveling and transportation expenses were incurred mainly due to traveling and accommodation in relation to our employees' business trips. Labor services fees mainly referred to the services fees paid for external trainers, event hosts, event speakers, entertainment providers, security guards and miscellaneous services in the Industry Events. Data costs mainly referred to the costs incurred in relation to our data collection from some partnering pharmacies through data cooperation arrangements and data processing. Advertising agency expenses mainly referred to the commercial advertising costs in relation to our Data-driven Marketing Solutions. Depreciation of

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right-of-use assets was incurred due to our office leases. Others mainly included merchandise procurement costs, technical services fees, other rentals and depreciation.

The following table sets forth the components of our cost of sales, both in absolute amount and as a percentage of our cost of sales, for the years indicated.

	For the year ended 31 December					
	2019		2020		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Cost of sales						
Event costs	27,127	37.9%	23,281	32.4%	31,910	24.3%
Staff costs	21,997	30.7%	27,527	38.3%	45,270	34.4%
Marketing expenses	4,196	5.9%	3,321	4.6%	22,888	17.4%
Traveling and transportation expenses	3,210	4.5%	2,817	3.9%	6,058	4.6%
Labor service fees	5,959	8.3%	3,817	5.3%	8,637	6.6%
Data costs ⁽¹⁾	3,039	4.2%	4,738	6.6%	8,929	6.8%
Advertising agency expenses	2,339	3.3%	7	0.0%	–	0.0%
Depreciation of right-of-use assets	1,326	1.9%	1,901	2.6%	1,346	1.0%
Others ⁽²⁾	2,461	3.4%	4,458	6.2%	6,489	4.9%
	<u>71,654</u>	<u>100.0%</u>	<u>71,867</u>	<u>100.0%</u>	<u>131,527</u>	<u>100.0%</u>

Notes:

- (1) Our data costs, consisting of costs for data collection and data processing, were generally immaterial during the Track Record Period because we primarily collected data from our partnering pharmacies through CMH Cooperation Agreements and SIC Services Agreements or public sources, which allowed us to minimize our costs of data collection. For the year ended 31 December 2021, we recorded increases in (i) data collection costs as we partnered with a number of additional partnering pharmacies under CMH Cooperation Agreements; and (ii) data processing costs incurred from purchase of cloud services and telecommunications services to support the growth of our Data Insight Solutions and SaaS products.
- (2) Others mainly include merchandise procurement costs, technical services fees, other rentals and depreciation.

The following table sets forth our cost of sales by business segment for the years indicated.

	For the year ended 31 December					
	2019		2020		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Data Insight Solutions	32,346	45.1%	32,124	44.7%	71,186	54.1%
Data-driven Publications and Events	33,848	47.2%	33,323	46.4%	49,187	37.4%
SaaS	5,460	7.7%	6,420	8.9%	11,154	8.5%
Total	<u>71,654</u>	<u>100.0%</u>	<u>71,867</u>	<u>100.0%</u>	<u>131,527</u>	<u>100%</u>

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Sensitivity analysis

For illustrative purposes, the table below sets forth a sensitivity analysis of (i) the effect of fluctuations of our event costs assumed to be 5% and 10%; and (ii) the effect of fluctuations of staff costs assumed to be 5% and 10% on our profit before income tax during the Track Record Period.

	Impact on profit before income tax		
	For the year ended 31 December		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Event costs			
+/-5%	-/+1,356	-/+1,164	-/+1,596
+/-10%	-/+2,713	-/+2,328	-/+3,191
Staff costs			
+/-5%	-/+1,100	-/+1,376	-/+2,264
+/-10%	-/+2,200	-/+2,753	-/+4,527

Gross Profit and Gross Profit Margin

Our gross profit increased steadily during the Track Record Period and for the years ended 31 December 2019, 2020 and 2021, we recorded gross profit of RMB106.1 million, RMB130.2 million and RMB192.6 million, respectively. For the same periods, our gross profit margin was approximately 59.7%, 64.4% and 59.4%, respectively. Our overall gross profit margin is primarily affected by our steady business growth, our cost structure and our management of operation efficiency as a whole.

The following table sets forth our gross profit and gross profit margin by business segment for the years indicated.

	For the year ended 31 December					
	2019		2020		2021	
	Gross profit	Gross profit/(loss) margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%
Data Insight Solutions.	60,454	65.1%	66,294	67.4%	90,181	55.9%
Data-driven Publications and Events . .	46,658	58.0%	63,355	65.5%	85,426	63.5%
SaaS	(1,016)	(22.9)%	557	8.0%	17,032	60.4%
Total.	106,096	59.7%	130,206	64.4%	192,639	59.4%

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Our gross profit margin increased from 59.7% in 2019 to 64.4% in 2020, primarily due to our revenue increase from each of our business segments. Our gross profit margin then decreased to 59.4% in 2021, primarily due to the increase in our costs of sales, particularly our staff costs due to expansion of our employee teams in relation to our Growth and Investment Decision Solutions in particular to focus on data insight research and consulting for innovative drugs and marketing and advertising expenses related to provision of our Data-driven Marketing Solutions, which were at a higher level than the increase in our revenue.

The gross profit margin of our Data Insight Solutions increased from 65.1% in 2019 to 67.4% in 2020, but decreased to 55.9% for the year ended 31 December 2021 due to (i) an increase in our staff costs as we expanded our employee teams in particular, staff focusing on data insight research and consulting for our solutions relating to innovative drugs and products or treatments, which had a lower margin as they were being developed and expanded; and (ii) lower margins for certain of our expanded precision marketing solutions we launched and offered in 2021 as they were in the earlier stages of development and we incurred higher marketing and advertising expenses related to the promotion of our clients' products on digital media and other advertising channels. As our upgraded Industry Prospect Event received better market acceptance, the gross profit margin of our Data-driven Publications and Events increased from 58.0% in 2019 to 65.5% in 2020 and fluctuated slightly to 63.5% in 2021. Gross margins for our SaaS products fluctuated considerably during the Track Record Period as we continued to develop and grow this segment of our business. Our SaaS recorded a gross loss margin of 22.9% in 2019, primarily due to our staff costs and data costs incurred for the purposes of daily operations and maintenance during the commercializing and promoting our SaaS products. We began to recoup from our previous investment in SaaS with gross profit margins of 8.0% and 60.4% in 2020 and 2021, respectively.

Other Income and Gains

Our other income and gains consisted of (i) other income primarily from bank interest income, government grants, investment income from financial assets at fair value through profit or loss and others; and (ii) fair value gains on financial assets at fair value through profit or loss, gains on disposal of a subsidiary, gains on lease modifications and others. For the years ended 31 December 2019, 2020 and 2021, our other income and gains were approximately RMB15.7 million, RMB19.0 million and RMB29.5 million, accounting for approximately 8.8%, 9.4% and 9.1% of our total revenue for the same periods, respectively.

Bank interest income referred to interest received from our bank deposits. Our government grants received during the Track Record Period mainly represent incentives awarded by the local governments to support our past or present operations, such as our high and new technology projects, manpower development, provision of high-end services and organization of the Industry Prospect Events in Qiong Hai City, Hainan Province. There were no unfulfilled conditions or contingencies attached to our government grants. During the Track Record Period, we generated investment income from our wealth management products which were of low or moderately low risks, with short maturity date, high liquidity and mostly were not principal-protected. See “—Current Assets and Current Liabilities—Financial assets at fair value through profit or loss” in this section. Gains on disposal of a subsidiary was in relation to disposal of Guangzhou Jiasi to Mr. Wu. See “History, Reorganization and Corporate Structure—Acquisition of Guangzhou Jiasi” in this prospectus. Gains on lease modifications and others were insignificant during the Track Record Period.

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The following table sets forth a breakdown of our other income and gains for the years indicated.

	For the year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other income			
Bank interest income	9,070	5,181	248
Government grants	1,664	3,422	16,354
Investment income from financial assets			
at fair value through profit or loss	3,735	7,279	6,721
Others ⁽¹⁾	38	92	256
	<u>14,507</u>	<u>15,974</u>	<u>23,579</u>
Gains			
Fair value gains on financial assets			
at fair value through profit or loss	1,155	2,994	4,815
Foreign exchange gains, net	–	1	36
Gains on disposal of a subsidiary	–	50	–
Gains on lease modifications	–	7	1,107
	<u>1,155</u>	<u>3,052</u>	<u>5,958</u>
Total	<u>15,662</u>	<u>19,026</u>	<u>29,537</u>

Note:

- (1) Others included sundry income such as gains from sales of recyclable materials, employer subsidies and personal tax return handling fees.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of (i) employee benefits expenses for employees engaging in sales and marketing functions; (ii) traveling and business development in relation to our offline marketing campaigns, client relationship development and maintenance and production of advertising material; (iii) general offices expenses; and (iv) depreciation of right-of-use assets. For the years ended 31 December 2019, 2020 and 2021, our selling and distribution expenses were approximately RMB10.7 million, RMB14.8 million and RMB24.8 million, accounting for approximately 6.0%, 7.3% and 7.6% of our total revenue for the same periods, respectively. This increase was driven by the increase in our sales and marketing employee numbers, as we added new recruits to the team to support expansion of our business, and in particular to promote our SaaS products.

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The following table sets forth a breakdown of our selling and distribution expenses by component for the years indicated.

	For the year ended 31 December					
	2019		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%
Selling and distribution expenses						
Employee benefits expenses	8,325	77.9%	11,806	79.6%	19,652	79.3%
Traveling and business development	1,777	16.6%	1,851	12.5%	3,589	14.5%
General office expenses	208	1.9%	483	3.2%	733	3.0%
Depreciation of right-of-use assets . .	381	3.6%	693	4.7%	812	3.2%
Total	10,691	100.0%	14,833	100.0%	24,786	100%

During the Track Record Period, our employee benefits expenses were the largest component of our selling and distribution expenses, accounting for approximately 77.9%, 79.6% and 79.3% of our total selling and distribution expenses for the years ended 31 December 2019, 2020 and 2021, respectively. The increase in selling and distribution expenses was primarily due to an increase in our employee benefits expenses resulting from an increase in the average number of our sales and marketing employees, in particular for our SaaS products.

Our selling and distribution expenses maintained at a relatively low level as compared to our total revenue primarily due to (i) our well-developed Industry Events which are an important channel to promote our capabilities and offerings as well as to drive cross-selling opportunities; (ii) our targeting corporate clients in the healthcare industry without relying on mass media advertising; and (iii) our market position and reputation established over the years of operation in the healthcare insight solutions industry.

Administrative Expenses

Our administrative expenses primarily consisted of (i) listing expenses; (ii) employee benefits expenses for employees involved in our general and administrative functions, including finance, legal and human resources; (iii) general office expenses; (iv) traveling and business development; (v) depreciation and amortization; (vi) depreciation of right-of-use assets; (vii) professional fees; (viii) other tax; and (ix) others. Our professional fees related to audit, legal and advisory services. Other tax referred to our stamp duties and culture development fees. Others referred to miscellaneous expenses in relation to labor services fees, telecommunication fees and vehicle costs. For the years ended 31 December 2019, 2020 and 2021, our administrative expenses were approximately RMB12.8 million, RMB16.6 million and RMB44.2 million, accounting for approximately 7.2%, 8.2% and 13.6% of our total revenue for the same periods, respectively.

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The following table sets forth a breakdown of our administrative expenses by component for the years indicated.

	For the year ended 31 December					
	2019		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%
Administrative expenses						
Listing expenses	–	–	–	–	20,648	46.8%
Employee benefits expenses	9,061	70.9%	12,212	73.6%	16,936	38.3%
General office expenses	1,711	13.4%	2,199	13.3%	2,415	5.5%
Traveling and business development . . .	265	2.1%	522	3.1%	749	1.7%
Depreciation and amortization	266	2.1%	479	2.9%	561	1.3%
Depreciation of right-of-use assets	363	2.8%	441	2.7%	479	1.1%
Professional fees	391	3.1%	288	1.7%	678	1.5%
Other tax	632	4.9%	113	0.7%	217	0.5%
Others ⁽¹⁾	91	0.7%	331	2.0%	1,480	3.3%
Total	<u>12,780</u>	<u>100.0%</u>	<u>16,585</u>	<u>100.0%</u>	<u>44,163</u>	<u>100.0%</u>

Note:

(1) Others mainly include labor service fees, telecommunication fees and vehicle costs.

During the Track Record Period, other than listing expenses incurred in the year ended 31 December 2021, our employee benefits expenses were the largest component of our administrative expenses, accounting for approximately 70.9%, 73.6% and 38.3% of our total administrative expenses for the years ended 31 December 2019, 2020 and 2021, respectively. The increase in administrative expenses was primarily due to an increase in our employee benefits expenses resulting from increases in our average number of administrative employees. For the year ended 31 December 2021, our listing expenses of approximately RMB20.6 million were the largest component of our administrative expenses, accounting for approximately 46.8% of our total administrative expenses for the period.

Research and Development Costs

Our research and development efforts mainly focused on our core capabilities, such as big data and AI technologies, cloud computing and developing new solutions and products. Our research and development costs primarily consisted of (i) employee benefit expenses for employees involved in research and development functions including salaries, welfare benefits and bonuses; and (ii) technology services fees, general office expenses, traveling and business development expenses in relation to our employees' traveling, accommodation and relationship development for the purposes of research and development, depreciation and amortization, depreciation of right-of-use assets and others. Technology services fees were incurred primarily due to our research and development cooperation projects with third parties such as our data and associated system developments, automated development of knowledge graphs and development of Big Data & AI Lab. For the years ended 31 December 2019, 2020 and 2021, our research and development costs were approximately RMB29.3 million, RMB39.8 million and RMB53.7 million, accounting for approximately 16.5%, 19.7% and 16.6% of our total revenue for the same periods, respectively.

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The following table sets forth a breakdown of our research and development costs by nature for the years indicated.

	For the year ended 31 December					
	2019		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%
Research and development costs						
Employee benefit expenses	24,796	84.7%	33,191	83.4%	47,426	88.3%
Technology services fees	938	3.2%	2,349	5.9%	2,262	4.2%
General office expenses.	1,208	4.1%	1,623	4.1%	1,523	2.8%
Traveling and business development.	301	1.0%	208	0.5%	222	0.4%
Depreciation and amortization	251	0.9%	344	0.9%	363	0.7%
Depreciation of right-of-use assets	1,757	6.0%	1,973	5.0%	1,880	3.5%
Others ⁽¹⁾	11	0.1%	133	0.2%	35	0.1%
Total	<u>29,262</u>	<u>100.0%</u>	<u>39,821</u>	<u>100.0%</u>	<u>53,711</u>	<u>100%</u>

Note:

(1) Others included miscellaneous printing costs and material costs.

During the Track Record Period, our employee benefits expenses were the largest component of our research and development expenses, accounting for approximately 84.7%, 83.4% and 88.3% of our total research and development expenses for the years ended 31 December 2019, 2020 and 2021, respectively. The increase in research and development expenses were primarily due to an increase in our employee benefits expenses resulting from an increase in the average number of our research and development employees as we expanded the relevant teams working on our technologies such as those relating to data governance, retail data analysis and drug treatments and to improve product functions and user experience.

Impairment Losses on Financial Assets, Net

Our impairment losses were recorded in relation to our trade and other receivables. For trade receivables that do not contain a significant financing component or when we apply the practical expedient of not adjusting the effect of a significant financing component, we apply the simplified approach in calculating ECLs. Under the simplified approach, we do not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. We have 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. For the years ended 31 December 2019, 2020 and 2021, we recorded net impairment losses on financial assets of RMB1.3 million, RMB0.7 million and RMB2.9 million, respectively.

Other Expenses

Our other expenses primarily represent losses on disposal of non-current assets, losses on deregistration of a subsidiary and foreign exchange losses. For the years ended 31 December 2019, 2020 and 2021, our other expenses were approximately RMB31,000, RMB8,000 and RMB184,000, respectively.

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Finance Costs

For the years ended 31 December 2019, 2020 and 2021, our finance costs were RMB0.6 million, RMB1.2 million and RMB0.5 million, accounting for approximately 0.3%, 0.6% and 0.2% of our total revenue for the same periods, respectively. Our finance costs represented interest on lease liabilities. See “—Discussion of Certain Items from the Consolidated Statements of Financial Position—Lease Liabilities” in this section.

Profit Before Income Tax

For the years ended 31 December 2019, 2020 and 2021, our profit before income tax was approximately RMB67.1 million, RMB76.1 million and RMB95.5 million, respectively.

Income Tax Expenses

For the years ended 31 December 2019, 2020 and 2021, our income tax expenses were approximately RMB12.7 million, RMB10.7 million and RMB23.6 million, accounting for approximately 7.2%, 5.3% and 7.3% of our total revenue, respectively. For the same periods, our effective tax rate was 19.0%, 14.1% and 24.7%, respectively. The effective tax rate is obtained by dividing income tax expenses by profit before tax. The tax on our profit before tax differs from the theoretical amount that would arise using the statutory tax rate of 25% in the PRC. This increase in our effective tax rate was a result of the transfer of the Non-restricted Businesses to WFOE and its subsidiaries and hence being subject to the unified corporate income tax rate of 25% as part of WFOE and our non-tax deductible listing expenses, as well as, to a lesser extent, our excess entertainment expenses over the tax deduction limit and our provision for social insurance and housing fund which are non-deductible for tax purposes. WFOE intends to apply for recognition as a High and New Technology Enterprise in 2022. We expect our effective tax rate to stay at a similar level to that of 2021 unless WFOE is successful in applying for recognition as a High and New Technology Enterprise in 2022 and is able to enjoy a reduced tax rate. See “—Key Factors Affecting Our Results of Operation—Company Specific Factors—Level of income tax and preferential tax treatment” and “Accountant’s report—Note 10” in Appendix I to this prospectus.

The following summarizes major factors affecting our applicable tax rates in 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.

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Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profit tax at a rate of 16.5% for 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\$2.0 million and 16.5% for any assessable profits in excess of HK\$2.0 million. No provision for Hong Kong profits tax was made as we had no estimated assessable profit that was subject to Hong Kong profits tax for the years ended 31 December 2019, 2020 and 2021.

China

Generally, our PRC subsidiaries, our Consolidated Affiliated Entities and their subsidiaries are subject to corporate income tax on their taxable income in China at a rate of 25%. The corporate income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards. Sinohealth Information has been accredited as a High and New Technology Enterprise in 2016 and 2019 to enjoy a preferential corporate income tax rate of 15% for the years ended 31 December 2019, 2020 and 2021. This status is subject to a requirement that Sinohealth Information renew the High and New Technology Enterprise certificate every three years in order to enjoy the reduced tax rate of 15%. As a result of the Reorganization, the preferential treatments applicable to Sinohealth Information will have a reduced beneficial effect. Certain of our PRC subsidiaries were identified as small and micro enterprises and were entitled to a preferential tax rate of 2.5%, 5% or 10% during the Track Record Period in accordance with applicable PRC laws and regulations. See "Risk Factors—We may not remain entitled to the preferential tax rate, government grants and other preferential treatment applicable to us, which may adversely affect our financial condition and results of operations." in this prospectus.

Our remaining PRC entities were subject to corporate income tax at a rate of 25% in 2019, 2020 and 2021. Pursuant to the Corporate Income Tax Law and the Corporate 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.

Our Directors confirm that we had made all the required tax filings under the relevant PRC tax laws and regulations and had paid all outstanding tax liabilities, and that we were not subject to any actual or potential dispute with the tax authorities and/or any tax investigation during the Track Record Period and up to the Latest Practicable Date.

Profit for the Year

Leveraging on our competitive strengths, we achieved high net profit margins during the years ended 31 December 2019 and 2020. See "Business—Our Strengths" in this prospectus. For the years ended 31 December 2019, 2020 and 2021, our net profit was approximately RMB54.4 million, RMB65.3 million and RMB72.0 million, respectively. For the same periods, our net profit margin was approximately 30.6%, 32.3% and 22.2%, respectively. Our net profit

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margin dropped for the year ended 31 December 2021 primarily as the result of the listing expenses of approximately RMB20.6 million incurred in 2021, the introduction of certain solutions with lower margins within Data Insight Solutions, and our higher effective tax rate in 2021 compared to that in 2020, as we had transferred the Non-restricted Businesses to WFOE and its subsidiaries in 2021 and as a result was subject to the unified corporate income tax rate of 25% as part of WFOE and no longer enjoyed the preferential corporate income tax rate of 15% available to Sinohealth Information as a High and New Technology Enterprise. This increase in our effective tax rate was also due to the non-tax deductible listing expenses incurred offshore in 2021.

YEAR-TO-YEAR COMPARISONS OF RESULTS OF OPERATIONS

Year Ended 31 December 2021 Compared to Year Ended 31 December 2020

Revenue

Our total revenue increased by approximately 60.4% from RMB202.1 million for the year ended 31 December 2020 to RMB324.2 million for the year ended 31 December 2021, as we recorded substantial increases in revenue generated from each of our business segments.

Data Insight Solutions

Our revenue generated from Data Insight Solutions increased by approximately 64.0% from RMB98.4 million for the year ended 31 December 2020 to RMB161.4 million for the year ended 31 December 2021, primarily due to an increase in our revenue generated from Growth and Investment Decision Solutions by 72.8% and an increase in our revenue generated from Data-driven Marketing Solutions by 45.5%.

- ***Growth and Investment Decision Solutions***. The increase in our revenue generated from Growth and Investment Decision Solutions from 2020 to 2021 was driven by our recovery of operations as effects from COVID-19 subsided and there was an increase in general demand for external consulting services in the medical products and channels segment and market recognition of our Growth and Investment Decision Solutions. There was weaker demand in 2020 due to the COVID-19 pandemic, in part as some retail pharmacies only had limited business hours. In 2021, most regions had recovered and the demand for retail data monitoring from clients increased. We continued to invest in expanding our network of partnering pharmacies and developing our big data and AI technologies. Our partnering pharmacies increased from 759 as at 31 December 2020 to 1,072 as at 31 December 2021 and the retail pharmacy stores covered increased from 37,703 as at 31 December 2020 to 52,882 as at 31 December 2021, providing us with more real-world retail data. In addition, we had launched solutions targeting clients who offered innovative drugs or treatments for patients with chronic conditions or long-term ailments. These tailored solutions were also well-received and contributed to the increase in our revenue generated from this segment. Leveraging our market position and strong pricing power, we retained our key clients and attracted more clients, including a number of multinational medical product manufacturers that entered into purchase agreements for our Growth and Investment Decision Solutions in 2021.

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- **Data-driven Marketing Solutions.** The increase in revenue generated from our Data-driven Marketing Solutions from 2020 to 2021 was primarily due to recovery from the impact of COVID-19 outbreak during 2020 where the outbreak led to a decrease in demand for our offline marketing campaigns. In contrast, in 2021, as demand recovered after effects from the COVID-19 pandemic subsided, we were engaged to host more physical promotion and marketing events and we also emphasized promotion of our expanded precision marketing solutions integrated with data-driven marketing consultation, campaign coordination and advertising services for promotion of our clients' products on digital media and other advertising channels, driving the increase in our revenue.

Data-driven Publications and Events

Our revenue generated from Data-driven Publications and Events increased by approximately 39.2% from RMB96.7 million for the year ended 31 December 2020 to RMB134.6 million for the year ended 31 December 2021, primarily due to increases in revenue generated (i) from our Industry Prospect Event by 38.5%; (ii) from our Merchandise Trading Event by 73.8%; and (iii) an increase in revenue generated from our Retail Sales Event.

- **Industry Prospect Event.** The increase in revenue from our Industry Prospect Event held in September 2021 compared to that held in 2020 was primarily due to the larger scale and wider acceptance of our upgraded components of the 2021 Industry Prospect Event, as partially demonstrated by the increase in number of core attendees of 3,100 in 2021 compared to 2,500 in 2020.
- **Merchandise Trading Event.** The increase in revenue generated from our Merchandise Trading Event from 2020 to 2021 was primarily due to an expansion in scale and significance of this event. We experienced a significant increase in the number of core attendees from approximately 1,700 in 2020 to 3,500 in 2021, due to our strategic adjustment on event positioning.
- **Retail Sales Event.** The increase in revenue generated in 2021 compared to 2020 was primarily due to the larger scale of our 2021 Retail Sales Event.
- **Others.** The increase in revenue generated from other events from 2020 to 2021 was primarily due to additional events we held in 2021.

SaaS

Our SaaS products continued their rapid growth in 2021 and revenue generated from SaaS increased by approximately 304.0% from RMB7.0 million for the year ended 31 December 2020 to RMB28.2 million for the year ended 31 December 2021, primarily due to (i) the growth of our LinkedSee product which was launched in June 2020 to meet diversified needs of our clients as a part of our Smart Decision Cloud; and (ii) additional contracts of higher value signed with clients of our Smart Decision Cloud, which recorded an increase in revenue of RMB17.9 million in 2021. Each of our SaaS products, namely Smart Decision Cloud, Smart Retail Cloud, Smart Health Management Cloud and Smart Medical Cloud, recorded increases in revenue in 2021

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compared to 2020. We did not record any revenue from Smart Medical Cloud in 2020 as it was still in its early stages of market release.

Cost of Sales

Our cost of sales increased by approximately 83.0% from RMB71.9 million for the year ended 31 December 2020 to RMB131.5 million for the year ended 31 December 2021. This increase was due to (i) an increase in event costs resulting from the larger scales and increases in attendance numbers of our Merchandise Trading Event and Industry Prospect Event held in 2021; (ii) an increase in staff costs from an increase in the average number of employees to drive our business growth and an increase in average salary; (iii) a large increase in our marketing expenses as we incurred advertising costs from digital media and other advertising channels related to projects for our precision marketing solutions; and (iv) an increase in traveling and transportation expenses as business travel resumed in 2021 as the COVID-19 pandemic subsided.

Data Insight Solutions

Our cost of sales for our Data Insight Solutions increased by approximately 121.6% from RMB32.1 million in 2020 to RMB71.2 million in 2021, primarily due to (i) an increase in our staff costs as we expanded our employee teams in relation to our Growth and Investment Decision Solutions, in particular to focus on data insight research and consulting for innovative drugs by hiring additional analysts and project managers; and (ii) an increase in our marketing and advertising expenses in relation to our expanded precision marketing solutions incurred for promotion of our clients' products, including placing advertisements on digital media and other advertising channels.

Data-driven Publications and Events

Our cost of sales for our Data-driven Publications and Events increased by approximately 47.6% from RMB33.3 million in 2020 to RMB49.2 million in 2021, primarily due to increases in our event costs as necessitated by the expanded scale of our Merchandise Trading Event, reflected in part by the core attendees increasing significantly in number from approximately 1,700 in 2020 to 3,500 in 2021 which meant additional staff and event space was required. Our Industry Prospect Event held in September 2021 was also of a larger scale, as partly demonstrated by the increase in the number of core attendees of 3,100 in 2021 compared to 2,500 in 2020.

SaaS

Our cost of sales for our SaaS increased by approximately 73.7% from RMB6.4 million in 2020 to RMB11.2 million in 2021, primarily due to increased labor costs for system maintenance relating to our products under Smart Decision Cloud, in particular, the LinkedSee product which was launched in June 2020, and the adjustments and iteration of our SaaS products which are still in their growth stage. We did not record any costs associated with Smart Medical Cloud for 2020.

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Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by approximately 47.9% from RMB130.2 million for the year ended 31 December 2020 to RMB192.6 million for the year ended 31 December 2021. Our gross profit margin decreased from 64.4% for the year ended 31 December 2020 to 59.4% for the year ended 31 December 2021.

- **Data Insight Solutions.** The gross profit margin of our Data Insight Solutions decreased from 67.4% 2020 to 55.9% 2021, primarily due to an increase in the costs of sales for Data Insight Solutions by approximately 121.6% from the year ended 31 December 2020 to the year ended 31 December 2021 while the revenue generated from our Data Insight Solutions increased at a lower level between the same periods. In particular, this was mainly driven by (i) an increase in our staff costs resulting from the increase in employee teams, particularly staff focusing on our solutions relating to innovative drugs and products or treatment, which had a lower margin as they were being developed and expanded; and (ii) lower margins for certain of our expanded precision marketing solutions we launched and offered in 2021 as they were in the earlier stages of development and we incurred higher marketing and advertising expenses related to the promotion of our clients' products on digital media and other advertising channels compared to events and campaigns that were mainly launched in cooperation with our partnering pharmacies.
- **Data-driven Publications and Events.** The gross profit margin of our Data-driven Publications and Events decreased slightly from 65.5% for the year ended 31 December 2020 to 63.5% for the year ended 31 December 2021, primarily due to an increase in our revenue generated from Data-driven Publications and Events by approximately 39.2% from 2020 to 2021 while the costs of sales for our Data-driven Publications and Events increased at a slightly higher level driven by the expanded scale of our Industry Events and increase in number of employees supporting development of this business segment.
- **SaaS.** The gross profit margin of our SaaS increased from 8.0% in 2020 to 60.4% 2021, primarily due to an increase in the number of our SaaS clients which contributed to our increased revenue as a result of our direct marketing efforts and cross-selling opportunities. Our SaaS had entered into a commercialization stage in 2020 and we began to recoup from our previous investment in SaaS, and this continued in 2021.

Other Income and Gains

Other income and gains increased by approximately 55.2% from RMB19.0 million for the year ended 31 December 2020 to RMB29.5 million for the year ended 31 December 2021, primarily due to (i) an increase of approximately RMB12.9 million in government grants received mainly in relation to our Industry Prospect Events held in Qiong Hai City, Hainan Province in 2019, 2020 and 2021, but which was only received in 2021 from the Government of Hainan Province; and (ii) an increase in fair value gains on financial assets at fair value through profit or loss by approximately RMB1.8 million, partially offset by a decrease in bank interest income by approximately RMB4.9 million as our bank balances had decreased as we paid out a dividend of approximately RMB120.1 million to the then shareholders of Sinohealth Information in January

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2021, and we also utilized our bank balances to purchase wealth management products. See “—Discussion of Certain Items from the Consolidated Statements of Financial Position—Financial assets at fair value through profit or loss” in this section.

Selling and Distribution Expenses

Our selling and distribution expenses increased by approximately 67.1% from RMB14.8 million for the year ended 31 December 2020 to RMB24.8 million for the year ended 31 December 2021, primarily due to (i) an increase in our employee benefits expenses by approximately RMB7.8 million resulting from an increase in the average number of our sales and marketing employees. We recruited additional sales staff to support the expansion of our marketing team; and (ii) an increase in our traveling and business development expenses of approximately RMB1.7 million as business travel resumed in 2021 compared to restricted travel in 2020, and our larger team of sales staff increased their travel frequency to maintain client contact and boost business development, and in particular for the active promotion of our SIC system.

Administrative Expenses

Our administrative expenses increased by approximately 166.3% from RMB16.6 million for the year ended 31 December 2020 to RMB44.2 million for the year ended 31 December 2021, primarily due to (i) listing expenses incurred in 2021 of approximately RMB20.6 million and recorded under administrative expenses; and (ii) an increase in employee benefit expenses of approximately RMB4.7 million resulting from an increase in the average number of our administrative employees.

Research and Development Costs

Our research and development costs increased by approximately 34.9% from RMB39.8 million for the year ended 31 December 2020 to RMB53.7 million for the year ended 31 December 2021, primarily due to an increase in our employee benefits expenses by RMB14.2 million resulting from an increase in the average number of our research and development employees who focused on product development and integration of data resources and technologies in support of different business segments.

Impairment Losses on Financial Assets

We recognized an impairment loss of approximately RMB2.9 million for the year ended 31 December 2021, primarily due to the increase in our long-aged trade receivables and other receivables as at 31 December 2021.

Income Tax Expenses

Our profit before tax increased by 25.6% from RMB76.1 million for the year ended 31 December 2020 to RMB95.5 million for the year ended 31 December 2021, and our income tax expenses increased from RMB10.7 million to RMB23.6 million for the same periods, respectively, primarily due to an increase in our profit before tax and a higher effective tax rate in 2021 than in 2020, as we had transferred the Non-restricted Businesses to WFOE and its

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subsidiaries in 2021 and as a result was subject to the unified corporate income tax rate of 25% as part of WFOE and no longer enjoyed the preferential corporate income tax rate of 15% available to Sinohealth Information as a High and New Technology Enterprise. This increase in our effective tax rate was also due to the non-tax deductible listing expenses incurred offshore in 2021.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 10.2% from RMB65.3 million for the year ended 31 December 2020 to RMB72.0 million for the year ended 31 December 2021. Our net profit margin decreased from 32.3% for the year ended 31 December 2020 to 22.2% for the year ended 31 December 2021. Our adjusted net profit margin (which is a non-HKFRS measure) for the year ended 31 December 2021 was 28.6%.

Year Ended 31 December 2019 Compared to Year Ended 31 December 2020

Revenue

Our total revenue increased by approximately 13.7% from RMB177.8 million for the year ended 31 December 2019 to RMB202.1 million for the year ended 31 December 2020, as we recorded an increase in revenue generated from each of our business segments.

Data Insight Solutions

Our revenue generated from Data Insight Solutions increased by approximately 6.1% from RMB92.8 million for the year ended 31 December 2019 to RMB98.4 million for the year ended 31 December 2020, primarily due to an increase in our revenue generated from Growth and Investment Decision Solutions by 31.8%, partially offset by a decrease in our revenue generated from our Data-driven Marketing Solutions by 24.7%.

- ***Growth and Investment Decision Solutions.*** The increase in our revenue generated from Growth and Investment Decision Solutions from 2019 to 2020 was driven by our enhanced healthcare insight solutions capabilities and an increase in market recognition of our Growth and Investment Decision Solutions. We continued to invest in expanding our network of partnering pharmacies and big data and AI technologies. Our partnering pharmacies increased from 496 as at 31 December 2019 to 759 as at 31 December 2020 and the retail pharmacy stores covered increased from 25,157 as at 31 December 2019 to 37,703 as at 31 December 2020, providing us with more real-world retail big data. In addition, our AI technology team focused on research and development involving big data analytics, data processing and predictive modeling, in order to improve the efficiency and accuracy of our healthcare insight solutions. Leveraging our market position and strong pricing power, we attracted more clients, particularly medical product manufacturers, with higher-value purchases of our Growth and Investment Decision Solutions.

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- **Data-driven Marketing Solutions.** The decrease in revenue generated from our Data-driven Marketing Solutions from 2019 to 2020 was primarily due to the impact of COVID-19 outbreak during 2020 where the outbreak led to a decrease in demand for our customized marketing campaigns, media content and training services, particularly offline marketing campaigns. In addition, we have strategically reduced our print advertising agency services and placement in relation to our Data-driven Marketing Solutions by 2019.

Data-driven Publications and Events

Our revenue generated from Data-driven Publications and Events increased by approximately 20.1% from RMB80.5 million for the year ended 31 December 2019 to RMB96.7 million for the year ended 31 December 2020, primarily due to (i) an increase in revenue generated from our Industry Prospect Event by 24.6%; (ii) an increase in revenue generated from our Merchandise Trading Event by 15.3%; and (iii) an increase in revenue generated from other events by 167.7%, partially offset by a decrease in revenue generated from our Retail Sales Event by 32.9%.

- **Industry Prospect Event.** The significant increase in revenue generated from Industry Prospect Event from 2019 to 2020 was primarily due to (i) improved market acceptance of our upgraded components offered at our Industry Prospect Event after they were launched in 2019; and (ii) an increase in client demand for our healthcare insight solutions under the COVID-19 pandemic.
- **Merchandise Trading Event.** The increase in revenue generated from our Merchandise Trading Event from 2019 to 2020 was primarily due to a slight increase in our corporate clients that attended our Merchandise Trading Event as a result of our restructured components offered at our Merchandise Trading Event. These components included a strategic focus on establishing better networking opportunities for medical product manufacturers, wholesalers and pharmacies. In particular, as compared with our Merchandise Trading Event prior to 2020, we (i) involved more representative local, small to medium-sized chain pharmacies as attendees; and (ii) enhanced the engagement of well-known medical product manufacturers, whereby medical product manufacturers could effectively promote to these chain pharmacies as scattered local retail pharmacies were generally difficult to target, and these pharmacies would have access to a wider variety of offerings from medical product manufacturers and high-quality pharmaceutical brands.
- **Retail Sales Event.** The decrease in revenue generated from our Retail Sales Event from 2019 to 2020 was primarily due to our cancelation of a semi-annual Retail Sales Event which was originally scheduled to be held in the first half of 2020.
- **Others.** The increase in revenue generated from other events from 2019 to 2020 was primarily due to the introduction of our Inter-provincial and Regional Dynamic Sales Events.

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SaaS

Our SaaS experienced a movement from an initial stage to a growth stage during the Track Record Period. Our revenue generated from SaaS increased by approximately 57.0% from RMB4.4 million for the year ended 31 December 2019 to RMB7.0 million for the year ended 31 December 2020, primarily due to (i) an increase in the number of our CHIS clients; and (ii) our launch of LinkedSee and Pharmacy Connect in 2020.

Cost of Sales

Our cost of sales slightly increased by approximately 0.3% from RMB71.7 million for the year ended 31 December 2019 to RMB71.9 million for the year ended 31 December 2020. This increase was due to an increase in staff costs resulting from an increase in the average number of our employees from 2019 to 2020 and a slight increase in our average employee salary, partially offset by (i) a decrease in event costs resulting from the cancelation of a Retail Sales Event which was originally scheduled during the first half of 2020 due to the COVID-19 impact as well as the promotional prices offered by our event services and venue providers; and (ii) a decrease in advertising agency expenses as we strategically minimized our offline marketing campaigns through traditional channels such as newspaper advertisements.

Data Insight Solutions

Our cost of sales for our Data Insight Solutions remained relatively stable in 2019 and 2020, primarily due to an increase in our staff costs as we raised our employee salary level with reference to market rates, which was partially offset by a decrease in advertising agency expenses for our Data-driven Marketing Solutions.

Data-driven Publications and Events

Our cost of sales for our Data-driven Publications and Events remained relatively stable in 2019 and 2020, primarily due to an increase in our staff costs as we raised our employee salaries with reference to market rates, which was partially offset by a decrease in event costs and labor service fees resulting from the cancelation of a Retail Sales Event.

SaaS

Our cost of sales for our SaaS increased by 17.6% from 2019 to 2020, primarily due to our increased staff costs in relation to our SaaS products.

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Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by approximately 22.7% from RMB106.1 million for the year ended 31 December 2019 to RMB130.2 million for the year ended 31 December 2020. Our gross profit margin increased from 59.7% for the year ended 31 December 2019 to 64.4% for the year ended 31 December 2020.

- ***Data Insight Solutions.*** The gross profit margin of our Data Insight Solutions increased from 65.1% in 2019 to 67.4% in 2020, primarily due to (i) an increase in our revenue generated from Data Insight Solutions by approximately 6.1% from 2019 to 2020; and (ii) a relative stable costs of sales for our Data Insight Solutions in 2019 and 2020.
- ***Data-driven Publications and Events.*** The gross profit margin of our Data-driven Publications and Events increased from 58.0% in 2019 to 65.5% in 2020, primarily due to (i) an increase in our revenue generated from Data-driven Publications and Events by approximately 20.1% from 2019 to 2020; and (ii) a relative stable costs of sales for our Data-driven Publications and Events in 2019 and 2020.
- ***SaaS.*** We recorded a gross profit margin of 8.0% in 2020 as compared with a gross loss margin of 22.9% in 2019, primarily due to an increase in the number of our SaaS clients which contributed to our increased revenue as a result of our direct marketing efforts and cross-selling opportunities. Our SaaS entered into a commercialization stage in 2020 and we began to recoup from our previous investment in SaaS.

Other Income and Gains

Other income and gains increased by approximately 21.5% from RMB15.7 million for the year ended 31 December 2019 to RMB19.0 million for the year ended 31 December 2020, primarily due to (i) an increase in investment income from financial assets at fair value through profit or loss by approximately RMB3.5 million and an increase in fair value gains on financial assets at fair value through profit or loss by approximately RMB1.8 million as we invested more idle cash in wealth management products; and (ii) an increase in government grants received by approximately RMB1.8 million in relation to our high and new technology projects in Guangzhou and organization of Industry Prospect Event in Qiong Hai City, Hainan Province, partially offset by a decrease in bank interest income by approximately RMB3.9 million as we utilized part of our bank deposits in purchases of wealth management products.

Selling and Distribution Expenses

Our selling and distribution expenses increased by approximately 38.7% from RMB10.7 million for the year ended 31 December 2019 to RMB14.8 million for the year ended 31 December 2020, primarily due to an increase in our employee benefits expenses by approximately RMB3.5 million resulting from an increase in the average number of our sales and marketing employees as well as an increase in their average salary as we raised our employee salary level.

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Administrative Expenses

Our administrative expenses increased by approximately 29.8% from RMB12.8 million for the year ended 31 December 2019 to RMB16.6 million for the year ended 31 December 2020, primarily due to an increase in our employee benefits expenses by approximately RMB3.2 million resulting from our staffing of more administrative employees at more senior level and our salary increase for our administrative employees.

Research and Development Costs

Our research and development costs increased by approximately 36.1% from RMB29.3 million for the year ended 31 December 2019 to RMB39.8 million for the year ended 31 December 2020, primarily due to (i) an increase in our employee benefits expenses by approximately RMB8.4 million resulting from an increase in the average number of our research and development employees as well as a slight increase in their average salary; and (ii) an increase in technical services fee incurred by approximately RMB1.4 million in relation to our development projects of AI technologies in cooperation with third parties.

Impairment Losses on Financial Assets

We recognized an impairment loss of RMB0.7 million for the year ended 31 December 2020, primarily due to the increase in our long-aged trade receivables as at 31 December 2020.

Other Expenses

Other expenses decreased slightly from RMB31,000 for the year ended 31 December 2019 to RMB8,000 for the year ended 31 December 2020, primarily due to a decrease in losses on disposal of non-current assets.

Finance Costs

Finance costs increased by approximately 112.2% from RMB0.6 million for the year ended 31 December 2019 to RMB1.2 million for the year ended 31 December 2020, primarily due to an increase in office lease.

Income Tax Expenses

Despite an increase in profit before tax by 13.3% from RMB67.1 million for the year ended 31 December 2019 to RMB76.1 million for the year ended 31 December 2020, our income tax expenses decreased by approximately 15.6% from RMB12.7 million for the year ended 31 December 2019 to RMB10.7 million for the year ended 31 December 2020, primarily due to our deferred tax assets increased by approximately RMB2.1 million in relation to tax loss available for offsetting against future taxable profits.

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Profit for the Year

As a result of the foregoing, our profit for the year increased by 20.1% from RMB54.4 million for the year ended 31 December 2019 to RMB65.3 million for the year ended 31 December 2020. Our net profit margin increased from 30.6% for the year ended 31 December 2019 to 32.3% for the year ended 31 December 2020.

DISCUSSION OF CERTAIN ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements as at the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this prospectus.

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total non-current assets	17,389	35,046	16,609
Total current assets	423,462	507,161	500,414
Total assets	440,851	542,207	517,023
Total non-current liabilities	7,329	22,300	4,974
Total current liabilities	37,596	55,282	96,138
Total liabilities	44,925	77,582	101,112
Share capital	–	–	322
Reserves	394,739	462,665	416,536
Non-controlling interests	1,187	1,960	(947)
Total equity	395,926	464,625	415,911

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Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as at the dates indicated.

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
CURRENT ASSETS				
Inventories	599	573	680	4,069
Trade and notes receivables	19,536	28,712	81,866	44,689
Prepayments, other receivables and other assets	1,677	5,424	10,451	12,634
Financial assets at fair value through profit or loss	181,015	356,664	373,389	414,383
Due from a director	–	10	–	–
Due from a related party	–	–	73	–
Cash and cash equivalents	220,635	115,778	33,955	18,807
Total current assets	423,462	507,161	500,414	494,582
CURRENT LIABILITIES				
Trade payables	2,631	3,669	16,859	7,073
Other payables and accruals	27,961	38,399	67,586	86,051
Lease liabilities	3,214	5,570	4,640	4,762
Due to a related party	–	1,500	–	–
Due to a director	47	47	–	–
Tax payable	3,743	6,097	7,053	5,941
Total current liabilities	37,596	55,282	96,138	103,827
NET CURRENT ASSETS	385,866	451,879	404,276	390,755

We had net current asset positions as at 31 December 2019, 2020 and 2021, which were primarily attributable to our large balance of cash and cash equivalents, financial assets at fair value through profit or loss and trade and notes receivables, partially offset by our other payables and accruals, which were mainly payroll payables and contract liabilities representing short-term advances received before the services are rendered.

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As at 30 April 2022, our net current assets were approximately RMB390.8 million, consisting of current assets of approximately RMB494.6 million and current liabilities of approximately RMB103.8 million. Our net current assets decreased by approximately RMB13.5 million from approximately RMB404.3 million as at 31 December 2021 to approximately RMB390.8 million as at 30 April 2022. This decrease was primarily due to (i) decreases in our trade and notes receivables of RMB37.2 million and cash and cash equivalents of RMB15.2 million; and (ii) an increase in our other payables and accruals of RMB18.5 million, partially offset by (i) an increase in our financial assets at fair value through profit or loss of RMB41.0 million; and (ii) a decrease in our trade payables of RMB9.8 million.

As at 31 December 2021, our net current assets were approximately RMB404.3 million, consisting of current assets of approximately RMB500.4 million and current liabilities of approximately RMB96.1 million. Our net current assets decreased by approximately RMB47.6 million from approximately RMB451.9 million as at 31 December 2020 to approximately RMB404.3 million as at 31 December 2021. This decrease was primarily due to our dividend declaration and payment of RMB120.1 million in 2021.

As at 31 December 2020, our net current assets were approximately RMB451.9 million, consisting of current assets of approximately RMB507.2 million and current liabilities of approximately RMB55.3 million. Our net current assets increased from RMB385.9 million as at 31 December 2019 to RMB451.9 million as at 31 December 2020, primarily due to (i) an increase in financial assets at fair value through profit or loss by approximately RMB175.6 million as we purchased more wealth management products issued by leading commercial banks in the PRC; and (ii) an increase in our trade and notes receivables by approximately RMB9.2 million as we had more sales of our Data Insight Solutions, partially offset by (i) an increase in other payables and accruals by approximately RMB10.4 million primarily in relation to our payroll payables such as salaries and bonuses; and (ii) a decrease in our cash and cash equivalents by RMB104.9 million as we utilized part of our bank deposits in purchases of wealth management products.

Inventories

Inventories represented contract fulfillment costs in relation to the provision of our Data Insight Solutions which were incurred to fulfill contracts with clients. These are amortized to costs of sales when the related Data Insight Solutions are transferred to clients. They were stated at the lower of cost and net realizable value. Net realizable value was based on estimated selling prices less any estimated costs to be incurred to completion and disposal. As at 31 December 2019, 2020 and 2021, our inventories were RMB0.6 million, RMB0.6 million and RMB0.7 million, respectively.

The following table sets forth our inventories as at the dates indicated.

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract fulfillment costs	599	573	680

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Our inventories remained stable at RMB0.6 million as at 31 December 2019 and 2020, and increased slightly by approximately 18.7% to RMB0.7 million as at 31 December 2021, primarily due to a project we undertook falling within our Data Insight Solutions segment with delivery expected to occur in 2022.

As at 30 April 2022, approximately RMB0.6 million, or approximately 91.9%, of our inventories as at 31 December 2021 were subsequently utilized. Our Directors confirm that there is no material recoverability issue associated with our inventories as at 31 December 2021 and no provision needs to be made in this regard, given that (i) all of our inventories as at 31 December 2021 aged less than three months; (ii) we are not aware of any early termination or material impediment to the execution of the relevant contracts; and (iii) our past experience of the fact that inventories as at 31 December 2019 and 2020 were fully utilized respectively during the Track Record Period without any provision made for the same.

Trade and notes receivables

Trade and notes receivables consisted of outstanding amounts payable by third parties for solutions and products performed in the ordinary course of our business. Our trading terms with clients were mainly on credit. The credit terms granted to clients generally ranged from seven to 120 days, depending on the specific payment terms in each contract. We seek to maintain strict control over our outstanding receivables. Overdue balances were reviewed regularly by our senior management. We do not hold any collateral or other credit enhancements over our trade receivable balances. Trade receivables were non-interest-bearing. As at 31 December 2019, 2020 and 2021, our trade and notes receivables were RMB19.5 million, RMB28.7 million and RMB81.9 million, respectively.

The following table sets forth our trade and notes receivables as at the dates indicated.

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	20,051	29,547	78,712
Notes receivable	2,064	2,435	7,695
Impairment	(2,579)	(3,270)	(4,541)
	19,536	28,712	81,866

Our trade and notes receivables increased from RMB19.5 million as at 31 December 2019 to RMB28.7 million as at 31 December 2020 and further to RMB81.9 million as at 31 December 2021 primarily due to our increase in revenue, in particular that generated from sales of our Data Insight Solutions, as well as our longer credit terms granted to certain reputable corporate clients.

Our notes receivable were all aged within one year and were neither past due nor impaired.

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An aging analysis of trade receivables based on transaction dates and net of loss allowance is as follows.

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 6 months	15,694	25,040	71,273
6 to 12 months	800	688	2,513
1 to 2 years	201	228	383
2 to 3 years	726	15	2
Over 3 years	51	306	–
	17,472	26,277	74,171

The movements in the loss allowance for impairment of trade receivables are as follows.

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	1,276	2,579	3,270
Impairment losses, net.	1,303	691	2,510
Amount written off as uncollectible	–	–	(1,239)
	2,579	3,270	4,541

An impairment analysis was performed at the end of each year of the Track Record Period using a provision matrix to measure expected credit losses. The provision rates were based on aging and past due for groupings of various client segments with similar loss patterns. The calculation reflected the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each year of the Track Record Period about past events, current conditions and forecasts of future economic conditions. Amount written off as uncollectible during the Track Record Period was primarily a long-aged overdue bill which was written off in accordance with our internal procedures.

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The following table sets forth our average trade and notes receivables turnover days for the years indicated.

	For the year ended 31 December		
	2019	2020	2021
Average trade and notes receivables turnover days ⁽¹⁾	39	49	67

Note:

- (1) Average trade and notes receivables turnover days are equal to the average trade and notes receivables divided by revenue and multiplied by the number of days (i.e. 365 in a year). Average trade and notes receivables are equal to trade and notes receivables at the beginning of the year plus trade and notes receivables at the end of the year and divided by two.

Our average trade and notes receivables turnover days were 39, 49 and 67, which was within our general credit terms. Our average trade and notes receivables turnover days increased from 39 days for the year ended 31 December 2019 to 49 days for the year ended 31 December 2020 and further to 67 days for the year ended 31 December 2021, primarily as a result of new agreements, mainly for our Data Insight Solutions, that we entered into in 2020 and 2021 with a number of large and reputable medical product manufacturers to whom we granted longer credit periods. These companies have certain credit period requirements for their suppliers that are generally higher than other smaller medical product manufacturers or other clients, and which our management considered acceptable as they are our recurring clients and are reputable companies with high credit ratings. In addition, revenue from these clients increased as a percentage of our total revenue throughout the Track Record Period, which also contributed to the increase in our average trade and notes receivables turnover days.

As at 30 April 2022, approximately RMB53.8 million, or 65.7%, of our trade and notes receivables as at 31 December 2021 were subsequently settled.

Our Directors are of the view that there is no recoverability issue for our trade receivables as at 31 December 2021 and sufficient provision has been made during the Track Record Period, on the basis that (i) we closely review balances of trade receivables and any balances past due on an ongoing basis and continually assess the collectability of any balances that are past due; (ii) we perform an impairment analysis at the end of each year of the Track Record Period and establish 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, to measure expected credit losses. The provision matrix containing information about our credit risk exposure on our trade receivables during the Track Record Period is set forth in note 18 of the Accountants' Report in Appendix I to this prospectus; (iii) as at 31 December 2021, there was a higher portion of trade receivables that is current or due within one year and therefore had a higher expected chance of recoverability; and (iv) there has been no material change in terms of the business relationships with the relevant clients and no material dispute with the clients associated with these trade receivables.

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Based on its due diligence work performed, including (i) a review of the relevant trade and notes receivables analysis set forth in note 18 of the Accountants' Report in Appendix I to this prospectus; (ii) due diligence enquiries with the management in relation to the Group's trade receivables aging analysis and the subsequent settlement as at 30 April 2022 as set forth above; and (iii) interviews with certain major clients of the Group, nothing has come to the attention of the Sole Sponsor that would lead it to cast doubt in a material respect on the Directors' views as discussed above.

Prepayments, other receivables and other assets

Prepayments, other receivables and other assets primarily consisted of prepayments, prepaid expenses, other receivables, other current assets and deferred listing expenses. Prepayments represented payments from our clients in accordance with our contract terms before our delivery of solutions and products. Prepaid expenses represented our prepaid IT services fees and event services fees. Other receivables represented our lease deposits paid and petty cash. Other current assets represented our input tax to be credited. As at 31 December 2019, 2020 and 2021, our prepayments, other receivables and other assets were RMB2.4 million, RMB6.7 million and RMB11.3 million, respectively.

The following table sets forth our deferred listing expenses, prepayments, other receivables and other assets as at the dates indicated.

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	583	4,296	2,719
Deferred listing expenses	–	–	5,912
Prepaid expenses	311	174	857
Other receivables	1,396	2,204	2,156
Other current assets	90	26	–
	<u>2,380</u>	<u>6,700</u>	<u>11,644</u>
Impairment	–	–	(325)
	<u>2,380</u>	<u>6,700</u>	<u>11,319</u>
Current	1,677	5,424	10,451
Non-current	703	1,276	868

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Our prepayments, other receivables and other assets increased by approximately 181.5% from RMB2.4 million as at 31 December 2019 to RMB6.7 million as at 31 December 2020, primarily due to (i) an increase in our prepayments by RMB3.7 million in relation to prepayment for advertisement service and data costs driven by agreements entered into with two clients during the Retail Sales Event held near the end of 2020 for exchange of advertising rights and which were recorded under prepayments as the advertising rights had not yet been used, and as we expanded our partnering pharmacy network and hence the associated data costs; and (ii) an increase in other receivables by RMB0.8 million in relation to an increased lease deposits. Our prepayments, other receivables and other assets further increased by approximately 68.9% to RMB11.3 million as at 31 December 2021, primarily due to deferred listing expenses of RMB5.9 million, which was partially offset by a decrease in our prepayments of RMB1.6 million.

We perform an impairment analysis at the end of each year. We have applied the general approach to provide for expected credit losses for non-trade other receivables under HKFRS 9. We consider the historical loss rate and adjust for forward-looking macroeconomic data in calculating the expected credit loss rate.

As at 31 December 2019, 2020 and 2021, we estimated the expected losses for other receivables to be nil, nil and RMB325,000, respectively. The expected losses for other receivables as at 31 December 2021 of RMB325,000 was in relation to our termination of a long-term lease. See “—Discussion of Certain Items from the Consolidated Statements of Financial Position—Lease liabilities” in this section.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss mainly represent our wealth management products that are unlisted and issued by leading and reputable commercial banks in the PRC. Our wealth management products purchased during the Track Record Period were of low or moderately low risks, with short maturity, and mostly were not principal-protected. They bore a fixed term of three to six months, and generally had interest rates ranging from 1.4% to 5% per annum. The fair value measurement of our financial assets used level 2, which was based on valuation techniques for which the lowest level input that was significant to the fair value measurement is observable, either directly or indirectly. See “Accountant’s Report—Note 2.4” in Appendix I to this prospectus. The fair values of these unlisted investments approximate to their costs plus expected interest. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. As at 31 December 2019, 2020 and 2021, our financial assets at fair value through profit or loss were RMB181.0 million, RMB356.7 million and RMB373.4 million, respectively.

The following table sets forth the financial assets at fair value through profit or loss as at the dates indicated.

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted investments, at fair value	181,015	356,664	373,389

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Our financial assets at fair value through profit or loss generally increased during the Track Record Period, primarily due to an increase in our wealth management products purchased. The following table sets forth the material terms of our wealth management products during the Track Record Period and as at the dates indicated:

Issuing Bank	Investment type	Investment amount			Financial assets at fair value through profit or loss			Expected return (per annum)	Risk Level
		As at 31 December			As at 31 December				
		2019	2020	2021	2019	2020	2021		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
China Everbright Bank	Non-principal protected floating income	-	100,900	158,437	-	102,771	164,701	2.8%–4.4%	Moderately low
Huaxia Bank	Non-principal protected floating income	179,860	238,620	-	181,015	239,670	-	1.6%–5%	Moderately low
Ping An Bank	Non-principal protected floating income	-	14,150	51,610	-	14,223	51,698	2.4%–3.8%	Moderately low
Shanghai Pudong Development Bank	Principal protected floating income	-	-	156,650	-	-	156,990	1.4%–3.5%	Low

None of the Group's wealth management products invested in securities or debts of companies controlled by, or which were related to, any of the Shareholders (including current Pre-IPO Investors), Directors, senior management of the Group, or affiliates of the Sole Sponsor.

As part of our treasury management, we may from time to time continue to purchase low to medium-risk wealth management products to improve utilization of our cash on hand on a short-term basis. We have implemented internal policies and rules setting out overall principles and the approval process to manage such investment activities. As a policy, we consider a number of criteria when assessing a proposal to invest in wealth management products, including but not limited to the following:

- (i) we have idle cash on hand and no major cash outflow is needed in the foreseeable future;
- (ii) the investment in high risk wealth management products, such as futures and other financial derivatives, are prohibited;
- (iii) the investment return will be in line with the level of risk and liquidity; and
- (iv) the management of such investments will align with our development strategies and will not affect the business operation of our Group.

Our finance department is responsible for proposing, analyzing and evaluating potential investments in wealth management products. Our finance department is led by, and the entire investment process is supervised by, our chief finance officer. Our current CFO is Ms. Yi Xuhui, who has been supervising our investment activities during the Track Record Period since she joined our Group. See "Directors and Senior Management" for a detailed description of Ms. Yi Xuhui's qualifications and credentials. Prior to making any material investments in wealth

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management products, the proposal is subject to the approval of the chief finance officer of our Group and our Board. Going forward, we intend to continue to limit our investment in those wealth management products with short-term maturity and high liquidity based on the same and consistent criterion.

Our policy for monitoring wealth management products that we have purchased includes obtaining the subscription receipt or record for each investment product and obtaining the monthly statement for each investment product to which we have subscribed. The finance department is also responsible for preparing and collating data on fair value gains and losses every month, which will be sent to be processed into our general ledger to ensure that the our accounts are consistent. Monthly reports are also sent to our chief finance officer for review.

After Listing, our investments in wealth management products will be subject to compliance with Chapter 14 of the Listing Rules and will also be strictly in accordance with our internal policies and guidelines.

Trade payables

Trade payables primarily consisted of amounts we expect to pay for goods and services that have been acquired in the ordinary course of business, such as labor service fees, marketing expenses, traveling and transportation expenses, accommodation and property management fees.

Our trade payables were non-interest-bearing and were normally settled within 90 days. We were typically granted credit terms of up to 30 days by our major suppliers during the Track Record Period. As at 31 December 2019, 2020 and 2021, our trade payables were RMB2.6 million, RMB3.7 million and RMB16.9 million, respectively.

The following table sets forth our trade payables as at the dates indicated.

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u>2,631</u>	<u>3,669</u>	<u>16,859</u>

Our trade payables increased by approximately 39.5% from RMB2.6 million as at 31 December 2019 to RMB3.7 million as at 31 December 2020 and further to RMB16.9 million as at 31 December 2021, primarily due to our increased labor services, marketing and traveling and transportation in anticipation of an increase in client demand for our solutions and products, as well as for marketing and advertising fees associated with certain projects within our Data-driven Marketing Solutions related to promotion of our clients' products on digital media and other advertising channels.

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An aging analysis of our trade payables as at the end of each of the Track Record Period, based on the invoice date, is as follows:

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	2,488	2,885	16,422
4 to 6 months	114	212	67
7 to 12 months	29	360	250
Over 1 year	–	212	120
	2,631	3,669	16,859

The following table sets forth our average trade payables turnover days for the years indicated.

	For the year ended 31 December		
	2019	2020	2021
Average trade payables turnover days ⁽¹⁾	17	21	36

Note:

- (1) Average trade payables turnover days is equal to the average trade payables divided by purchase amount and multiplied by the number of days (i.e. 365 days for a year). Average trade payables are equal to trade payables at the beginning of the year plus trade payables at the end of the year and divided by two.

Our average trade payables turnover days were 17, 21 and 36 during the Track Record Period, which was within the credit terms granted to us. Our average trade payables turnover days increased from 17 days for the year ended 31 December 2019 to 21 days for the year ended 31 December 2020 and increased to 36 days for the year ended 31 December 2021, primarily due to slower settlement to our suppliers during the period and longer credit terms granted to us. The increase in average trade payables turnover days for 2021 was also driven by purchases of advertising space on digital media and other advertising channels in the fourth quarter of 2021 to support the expanded precision marketing solutions we offered to our clients for promotion of their products.

As at 30 April 2022, approximately RMB13.5 million of trade payables, or 79.9% of the trade payables balance as at 31 December 2021 were subsequently settled.

Other payables and accruals

Our other payables and accruals primarily consisted of payroll payables, contract liabilities, accrued listing expenses, tax payables other than income tax and other payables. Our payroll payables represent our salary, bonus and social security fund payable to our employees. Contract liabilities included short-term advances received before services are rendered. The increases in contract liabilities during the Track Record Period were mainly due to the increase

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in short-term advances received from clients in relation to the provision of services at the end of each year of the Track Record Period. Tax payables other than income tax represented value-added taxes and personal income taxes withheld in accordance with the relevant PRC laws and regulations. Other payables represented disbursements payable to our employees. Other payables were non-interest-bearing and repayable on demand. As at 31 December 2019, 2020 and 2021, our other payables and accruals were RMB28.0 million, RMB38.4 million and RMB67.6 million, respectively.

The following table sets forth a breakdown of our other payables and accruals as at the dates indicated.

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payroll payables	17,521	21,947	33,961
Contract liabilities ⁽¹⁾	9,071	12,672	22,913
Accrued listing expense	–	–	5,024
Tax payables other than income tax	847	2,595	4,512
Other payables	522	1,185	1,176
	<u>27,961</u>	<u>38,399</u>	<u>67,586</u>

Note:

(1) Details of contract liabilities are as follows:

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Types of services			
Data Insight Solutions	6,678	8,199	10,631
Data-driven Publications and Events	1,460	284	2,757
SaaS	933	4,189	9,525
	<u>9,071</u>	<u>12,672</u>	<u>22,913</u>

Our other payables and accruals increased by approximately 37.3% from RMB28.0 million as at 31 December 2019 to RMB38.4 million as at 31 December 2020, primarily due to (i) an increase in our payroll payables resulting from our increased number of employees as well as average employee benefits; and (ii) an increase in our contract liabilities resulting from our signed contracts for Data Insight Solutions and SaaS products to be delivered during the following year.

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Our other payables and accruals increased by approximately 76.0% from RMB38.4 million as at 31 December 2020 to RMB67.6 million as at 31 December 2021, primarily due to (i) an increase in our payroll payables resulting from our increased number of employees; (ii) an increase in our contract liabilities resulting from our signed contracts for Data Insight Solutions and SaaS products; and (iii) our accrued listing expenses in 2021.

Lease liabilities

Our lease liabilities primarily related to our leased office premises, which generally had lease terms between two and ten years, and other equipment used in our operations, which were generally of low value.

The following table sets forth a breakdown of our lease liabilities by current and non-current portions as at the dates indicated.

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current	3,214	5,570	4,640
Non-current	7,329	22,300	4,974
Lease liabilities	10,543	27,870	9,614

Our lease liabilities increased from RMB10.5 million as at 31 December 2019 to RMB27.9 million as at 31 December 2020, primarily due to a number of new leases we entered into in 2020. Our lease liabilities decreased to RMB9.6 million as at 31 December 2021 as we terminated a long-term lease agreement in January 2021 as the premises were no longer needed for our business requirements.

Non-current assets and liabilities

Our non-current assets primarily consist of property, plant and equipment, advance payments for property, plant and equipment and other intangible assets, right-of-use assets, other receivables, other intangible assets and deferred tax assets. As at 31 December 2019, 2020 and 2021, we had non-current assets of approximately RMB17.4 million, RMB35.0 million and RMB16.6 million, respectively.

Our non-current liabilities primarily consist of lease liabilities. As at 31 December 2019, 2020 and 2021, we had non-current liabilities of approximately RMB7.3 million, RMB22.3 million and RMB5.0 million, respectively.

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LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we had historically funded our cash requirements principally from cash generated from operating activities and capital contribution from shareholders. We require cash for our working capital demands, such as our research and development, purchases of cloud services and software and rental payments under our leases. Our cash and cash equivalents consisted primarily of cash on hand and bank deposits. We had cash and cash equivalents of RMB220.6 million, RMB115.8 million and RMB34.0 million as at 31 December 2019, 2020 and 2021, respectively. We generally deposit our excess cash in interest-bearing bank accounts.

Going forward, we believe that our working capital and other liquidity requirements will be satisfied by using a combination of cash generated from our operating activities, other funds raised from the capital markets from time to time, and proceeds received from the Global Offering. After taking into account our business strategies and development plans, our Directors are satisfied that we remain able to maintain our liquidity for our daily operations.

The following table sets forth a summary of our cash flows for the years indicated.

	For the year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows from operating activities	57,844	61,598	60,020
Net cash flows used in investing activities . . .	(180,558)	(166,559)	(9,469)
Net cash flows (used in)/from financing activities	(4,053)	103	(132,410)
Net increase/(decrease) in cash and cash equivalents.	(126,767)	(104,858)	(81,859)
Cash and cash equivalents at beginning of year.	347,402	220,635	115,778
Effect of foreign exchange rate changes, net.	–	1	36
Cash and cash equivalents at end of year . . .	<u>220,635</u>	<u>115,778</u>	<u>33,955</u>

Net Cash Flows from Operating Activities

Net cash flows from operating activities primarily comprised our profit before tax for the year adjusted by interest paid, income tax paid, non-cash and non-operating items, such as depreciation and bank interest income, and adjusted by changes in working capital, such as trade and notes receivables, trade payables and other payables and accruals.

For the year ended 31 December 2021, net cash flows from operating activities was approximately RMB60.0 million, which was mainly attributable to (i) profit before tax of approximately RMB95.5 million; (ii) adjustments for income statement items with non-cash

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effects and non-operating items of approximately RMB1.7 million; and (iii) an outflow of approximately RMB13.1 million for changes in working capital. Our general working capital changes mainly included an increase in trade and notes receivables of approximately RMB55.7 million mainly resulting from increases in our sales of Data Insight Solutions, which was partially offset by (i) an increase in other payables and accruals of approximately RMB27.9 million mainly resulting from an increase in contract liabilities in relation to our Data Insight Solutions and SaaS products and payroll payables in relation to our employee benefits; and (ii) an increase in trade payables of RMB13.2 million.

For the year ended 31 December 2020, net cash flows from operating activities was approximately RMB61.6 million, which was mainly attributable to (i) profit before tax of approximately RMB76.1 million; (ii) adjustments for income statement items with non-cash effects and non-operating items of approximately RMB6.4 million; and (iii) an outflow of approximately RMB2.6 million for changes in working capital. Our general working capital changes mainly included (i) an increase in trade and notes receivables of approximately RMB9.9 million mainly resulting from an increase in our sales of Data Insight Solutions; and (ii) an increase in prepayments, other receivables and other assets of approximately RMB4.3 million mainly in relation to prepayment for advertising services and data costs, which was partially offset by an increase in other payables and accruals of approximately RMB10.5 million mainly resulting from an increase in payroll payables in relation to our employee benefits and contract liabilities in relation to our Data-driven Publications and Events.

For the year ended 31 December 2019, net cash flows from operating activities was approximately RMB57.8 million, which was mainly attributable to (i) profit before tax of approximately RMB67.1 million; (ii) adjustments for income statement items with non-cash effects and non-operating items of approximately RMB6.2 million; and (iii) an inflow of approximately RMB0.2 million for changes in working capital. Our general working capital changes mainly included an increase in trade and notes receivables of approximately RMB6.3 million mainly resulting from an increase in our Data Insight Solutions, which was partially offset by an increase in other payables and accruals of approximately RMB6.4 million mainly resulting from an increase in payroll payables in relation to our employee benefits and contract liabilities in relation to our Data-driven Publications and Events.

Net Cash Flows used in Investing Activities

For the year ended 31 December 2021, net cash flows used in investing activities was approximately RMB9.5 million, which was mainly attributable to purchases of financial assets at fair value through profit or loss of approximately RMB1,101.9 million which was partially offset by disposal of financial assets at fair value through profit or loss of approximately RMB1,090.0 million and investment income received from financial assets at fair value through profit or loss of approximately RMB6.7 million.

For the year ended 31 December 2020, net cash flows used in investing activities was approximately RMB166.6 million, which was mainly attributable to purchases of short-term financial assets at fair value through profit or loss of approximately RMB1,260.6 million, which was partially offset by (i) disposal of short-term financial assets at fair value through profit or loss of approximately RMB1,088.0 million; and (ii) investment income received from financial assets at fair value through profit or loss of approximately RMB7.3 million.

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For the year ended 31 December 2019, net cash flows used in investing activities was approximately RMB180.6 million, which was mainly attributable to (i) purchases of short-term financial assets at fair value through profit or loss of approximately RMB742.1 million; and (ii) purchases of items of property, plant and equipment and related advance payment of approximately RMB4.2 million, which was partially offset by (i) disposal of short-term financial assets at fair value through profit or loss of approximately RMB562.2 million; and (ii) investment income received from financial assets at fair value through profit or loss of approximately RMB3.7 million.

Net Cash Flows (used in)/from Financing Activities

For the year ended 31 December 2021, net cash used in financing activities was approximately RMB132.4 million, which was mainly attributable to (i) a dividend payment of approximately RMB120.1 million; (ii) a payment for listing expenses of RMB4.7 million; and (iii) the net effect of approximately RMB1.3 million resulting from (a) a deemed distribution to certain then shareholders of Sinohealth Information of approximately RMB185.5 million for repurchases of the entire interests they held in Sinohealth Information under the reduction of registered capital for Sinohealth Information as part of the Reorganization; and (b) an issue of shares of the Company of approximately RMB184.2 million. See “History, Reorganization and Corporate Structure—Reorganization—Onshore Reorganization—Reduction of Registered Capital of Sinohealth Information” in this prospectus.

For the year ended 31 December 2020, net cash flows from financing activities was approximately RMB0.1 million, which was mainly attributable to (i) the principal portion of lease payments of approximately RMB3.5 million; and (ii) interest paid for lease liabilities of RMB1.2 million, which was offset by (i) the capital injection by minority shareholders of approximately RMB3.4 million; and (ii) advances from Mr. Qin Jianzeng of RMB1.5 million.

For the year ended 31 December 2019, net cash flows used in financing activities was approximately RMB4.1 million, which was mainly attributable to (i) the principal portion of lease payments of RMB3.5 million; and (ii) interest paid for lease liabilities of RMB0.6 million.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at the dates and for the years indicated.

	As at/for the year ended 31 December		
	2019	2020	2021
Current ratio ⁽¹⁾	11.3	9.2	5.2
Quick ratio ⁽²⁾	11.2	9.2	5.2
Return on total assets ⁽³⁾	12.3%	12.0%	13.9%
Return on equity ⁽⁴⁾	14.2%	14.7%	18.9%
Gearing ratio ⁽⁵⁾	11.3%	16.7%	24.3%
Net profit margin ⁽⁶⁾	30.6%	32.3%	22.2%

Notes:

(1) Current ratio is calculated by dividing total current assets by total current liabilities as at the end of each year.

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- (2) Quick ratio is calculated by dividing total current assets less inventories by total current liabilities as at the end of each year.
- (3) Return on total assets is calculated by dividing profit for the year by the total assets at the end of each year.
- (4) Return on equity is calculated by dividing profit attributable to owners of our Company for the year by the total equity attributable to owners of our Company at the end of each year.
- (5) Gearing ratio is calculated by dividing total liabilities by total equity as at the end of the relevant year.
- (6) Net profit margin is equal to net profit divided by total revenue for the year.

Current Ratio

Our current ratio was approximately 11.3, 9.2 and 5.2 as at 31 December 2019, 2020 and 2021, respectively. Our current ratio decreased from 11.3 as at 31 December 2019 to 9.2 as at 31 December 2020, primarily due to an increase by RMB10.4 million in our other payables and accruals in relation to payroll payables and contract liabilities as a result of increases in number of employees and average employee benefits and our signed contracts for Data Insight Solutions and SaaS products to be delivered in the following year. Our current ratio decreased to 5.2 as at 31 December 2021, primarily due to our dividend declaration and payment of RMB120.1 million in 2021. See “—Discussion of Certain Items from the Consolidated Statements of Financial Position” in this section.

Quick Ratio

Our quick ratio was approximately 11.2, 9.2 and 5.2 as at 31 December 2019, 2020 and 2021, respectively. Due to our business nature, we had not recorded significant inventories during the Track Record Period. Our inventories were RMB0.6 million, RMB0.6 million and RMB0.7 million as at 31 December 2019, 2020 and 2021, respectively. As a result, the movement of our quick ratio did not materially deviate from that of our current ratio as at 31 December 2019, 2020 and 2021.

Return on Total Assets

Our return on total assets was approximately 12.3%, 12.0% and 13.9% for the years ended 31 December 2019, 2020 and 2021, respectively. Our return on total assets remained relatively stable in 2019 and 2020, primarily due to our increase in net profit by RMB11.0 million from 2019 to 2020, partially offset by an increase in our total current assets as at 31 December 2020 primarily due to an increase in financial assets at fair value through profit or loss as we utilized part of our idle cash to purchase wealth management products. Our return on total assets increased to approximately 13.9% in 2021, which was mainly attributable to the increase in our Group’s net profit in 2021 and the slight decrease in the Group’s total assets due in part to the decrease in cash and cash equivalents as a dividend of RMB120.1 million had been paid in 2021, and partially offset by increases in our trade and notes receivables and financial assets at fair value through profit or loss.

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Return on Equity

Our return on equity was approximately 14.2%, 14.7% and 18.9% for the years ended 31 December 2019, 2020 and 2021, respectively. Our return on equity slightly increased from 14.2% in 2019 to 14.7% in 2020, primarily due to an increase in profit attributable to owners of our Company by RMB11.8 million from 2019 to 2020 and an increase in equity attributable to owners of our Company by RMB67.9 million from 31 December 2019 to 31 December 2020. Our return on equity increased to approximately 18.9% in 2021 primarily due to the increase in the profit attributable to owners of our Company in 2021 by RMB10.9 million from 2020 to 2021 and the decrease in the total equity attributable to the owners of our Company resulting from the decrease in our net assets, which was attributable in part to the decrease in cash and cash equivalents as a dividend of RMB120.1 million had been paid in 2021.

Gearing Ratio

Our gearing ratio was approximately 11.3%, 16.7% and 24.3% as at 31 December 2019, 2020 and 2021, respectively. Our lease liabilities increased from 31 December 2019 to 31 December 2020 as we entered into additional leases for office purposes, causing the movement in our gearing ratio. As at 31 December 2021, our total equity decreased slightly as compared to that as at 31 December 2020, while our total liabilities increased, which was primarily due to the increases in (i) our other payables and accruals driven by the increases in our contract liabilities, resulting from our signed contracts for Data Insight Solutions and SaaS products to be delivered in the following year, and payroll payables driven by the increase in our number of employees in 2021; and (ii) our trade payables as we had entered into a number of agreements for placement of advertisements for our clients' products to support provision of our precision marketing solutions in 2021.

Net Profit Margin

Our net profit margin was approximately 30.6% and 32.3% for the years ended 31 December 2019 and 2020, respectively. Our net profit margin was approximately 22.2% for the year ended 31 December 2021. Our net profit margin decreased in 2021, primarily due to the listing expenses incurred, the introduction of certain solutions with lower margins within Data Insight Solutions, and the Reorganization leading to a higher effective tax rate. For an analysis of our net profit margin during the Track Record Period, see “—Consolidated Statements of Profit or Loss and other comprehensive income” in this section. Our adjusted net profit margin (which is a non-HKFRS measure) for the year ended 31 December 2021 was 28.6%. See “—Non-HKFRS Measures” in this section.

INDEBTEDNESS

As at 31 December 2019, 2020 and 2021, and 30 April 2022, we did not have any bank borrowings or unutilized banking facilities.

As at 31 December 2019, 2020 and 2021, and 30 April 2022, our lease liabilities in respect of our leased properties amounted to RMB10.5 million, RMB27.9 million, RMB9.6 million and RMB9.0 million, respectively.

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We received advances from (i) Mr. Wu, our Director, in 2019; and (ii) Mr. Qin Jianzeng, a related party, in 2020. Such advances were non-trade in nature, unsecured, interest-free and repayable on demand. As at 31 December 2019, 2020 and 2021, our balances due to Mr. Wu were RMB47,000, RMB47,000 and nil, respectively, and our balances due to Mr. Qin Jianzeng were nil, RMB1.5 million and nil, respectively. As at 31 December 2019, 2020 and 2021, our balances due from Mr. Wu were nil, RMB10,000 and nil, respectively.

Indebtedness Statement and Confirmation

Except as disclosed in this prospectus or any intra-group liabilities, we did not have any outstanding or authorized to be issued but unissued debt securities, term loans, other borrowings or indebtedness in nature of borrowing, acceptance credits, mortgages and charges, liabilities or guarantees. Save as disclosed above, our Directors confirm that there had been no material adverse change in our indebtedness since 30 April 2022 and up to the date of this prospectus.

CAPITAL EXPENDITURES

Our capital expenditures are primarily incurred for purposes of equipment and software acquisitions and leasehold improvements. Our capital expenditures were RMB4.4 million, RMB1.2 million and RMB3.1 million for the years ended 31 December 2019, 2020 and 2021, respectively.

We intend to fund our future capital expenditures with our existing cash balance, cash generated from operating activities and proceeds from the Global Offering. We will continue to make capital expenditures to meet the expected growth of our business and may reallocate the funds to be utilized on capital expenditure and long-term investments based on our ongoing business needs. See “Future Plans and Use of Proceeds” in this prospectus for more details.

CONTRACTUAL OBLIGATIONS

Capital Commitments

As at 31 December 2019, 2020 and 2021, we did not have any significant commitments.

Lease Commitments

For our lease commitments as at 31 December 2019, 2020 and 2021, see “—Discussion of Certain Items from the Consolidated Statements of Financial Position—Current Assets and Current Liabilities—Lease Liabilities” in this section.

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CONTINGENT LIABILITIES

As at 31 December 2019, 2020 and 2021, we did not have any material contingent liabilities. Our Directors confirm that there had not been any litigation or arbitration proceedings pending or threatened against us or any of our Directors which could have a material adverse effect on our business, financial condition and results of operations as at 31 December 2021 and up to the Latest Practicable Date. If we were involved in such material legal proceedings, we would record any loss contingencies when, based on information then available, it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. We confirm that our Group had no contingent liability since 31 December 2021 and up to the Latest Practicable Date.

OFF-BALANCE SHEET ARRANGEMENTS

As at 31 December 2021, we had not entered into any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had certain related party transactions and balances in our normal course of business, including (i) receiving advances from Mr. Wu and Mr. Qin Jianzeng, our Director and a related party, respectively, where such advances were non-trade in nature, unsecured, interest-free and repayable on demand; (ii) disposing of 100% equity interests in Guangzhou Jiasi to Mr. Wu at a consideration of RMB10,000, resulting in a gain on disposal of RMB50,000 in 2020; (iii) Sinohealth Information acquiring 30% equity interests in Sinohealth Pushi in March 2021 from Mr. Qin Jianzeng at a consideration of RMB1.5 million; (iv) Sinohealth Information acquiring the entire equity interests in Guangzhou Jiasi from Mr. Wu at a consideration of RMB1.0 million on 29 April 2021; (v) sales of promotion services to Jiangxi Yaoshunshun for RMB73,000, which was trade in nature, unsecured, interest-free and repayable on demand; and (vi) provision of compensation to key management for employee services. For the years ended 31 December 2019, 2020 and 2021, our total compensation paid to key management personnel was RMB3.3 million, RMB4.8 million and RMB4.4 million, respectively. As at 31 December 2019, 2020 and 2021, our balances due from Mr. Wu were nil, RMB10,000 and nil, respectively. As at 31 December 2021, our balance due from Jiangxi Yaoshunshun, which is considered a related party of our Group as it is considered an associate of our Company under HKFRS, was RMB73,000, which was settled as at the Latest Practicable Date. See “Accountant’s Report—Note 31” in Appendix I to this prospectus.

Our Directors are of the view that each of the above related party transactions was conducted in the ordinary course of business on an arm’s length basis and with normal commercial terms between the relevant parties. The transactions contemplated under the Contractual Arrangements will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules. See “Connected Transactions” in this prospectus.

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WORKING CAPITAL CONFIRMATION

Our future cash requirements will depend on many factors, including our operating income, market acceptance of our solutions and products or other changing business conditions and future developments, including any potential investments or acquisitions we may decide to pursue. We intend to continue to finance our working capital with cash generated from our operating activities and the proceeds received from the Global Offering. During the Track Record Period, our principal uses of cash were for operating activities. We had cash and cash equivalents of approximately RMB220.6 million, RMB115.8 million, RMB34.0 million and RMB18.8 million as at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively. Our cash and cash equivalents decreased during the Track Record Period primarily due to our cash used in payment of a dividend in 2021 and increased investment in wealth management products which were mostly short-term investments with a fixed term of three to six months. See “—Discussion of Certain Items from the Consolidated Statements of Financial Position—Current Assets and Current Liabilities—Financial assets at fair value through profit or loss” in this section.

Our Directors confirm that, taking into account of the existing financial resources available to us including internally generated funds, anticipated cash flow from operations and the estimated net proceeds to be received by us from the Global Offering (after a possible Downward Offer Price Adjustment setting the final Offer Price up to 10% below the bottom end of the indicative Offer Price range), we will have available sufficient working capital for our present requirements, that is for at least the next 12 months from the date of this prospectus.

After due consideration and discussion with our management and based on the above, the Sole Sponsor has no reason to believe that we cannot meet the working capital requirements for the 12-month period from the date of this prospectus.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including foreign currency risk, credit risk and liquidity risk. See “Accountant’s Report—Note 34” in Appendix I to this prospectus. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. We did not hedge or consider it necessary to hedge any of these risks as at the Latest Practicable Date.

Foreign currency risk

We have transactional currency exposures and are subject to foreign currency risk arising from fluctuations in exchange rates between RMB and US dollars. Such exposures arise from our cash and cash equivalents denominated in US\$. See “Accountant’s Report—Note 34” in Appendix I to this prospectus for additional information, including a sensitivity analysis of our exposure to changes in foreign currency exchange rates.

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Credit Risk

We are exposed to credit risk mainly arising from our trade receivables, notes receivables and the financial assets included in prepayments, other receivables and other assets. We trade only with recognized and creditworthy third parties and it is our policy that all clients who wish to trade on credit terms are subject to credit verification procedures. To manage this risk, we also monitor receivable balances on an ongoing basis. Since our Group trades only with recognized and creditworthy third parties, there is no requirement for collateral and no significant concentrations of credit risk. Our Directors believe that there is no material credit risk inherent in our outstanding balance of our trade receivables, notes receivables and the financial assets included in prepayments, other receivables and other assets.

Liquidity Risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by the management of our Group to finance the operations and mitigate the effects of fluctuations in cash flows. As at 31 December 2019, 2020 and 2021, our total financial liabilities were RMB13.7 million, RMB34.3 million and RMB32.7 million, respectively. A maturity profile of our financial liabilities as at 31 December 2019, 2020 and 2021, based on the contractual undiscounted payments, is disclosed in Note 34 to the Accountants' Report in Appendix I to this prospectus.

DIVIDENDS

No dividend had been declared and paid by us for the years ended 31 December 2019 and 2020. On 27 January 2021, Sinohealth Information declared and approved a dividend of approximately RMB120.1 million to its then shareholders, which was paid in 2021. We currently do not intend to recommend dividends for distribution to our Shareholders in the foreseeable future.

Under the Articles of Association, our Company in general meeting may declare dividends in any currency to be paid to the shareholders but no dividend shall be declared in excess of the amount recommended by the Board. The Articles of Association provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Act. As advised by our Cayman Islands legal advisers, a position of accumulated losses incurred from prior financial years does not necessarily restrict us from declaring and paying dividends to our Shareholders. Under Cayman Islands law, our Company may pay a dividend out of either our profits (whether retained earnings or profits from the current financial year) or share premium (which is the excess of the issue price of our Shares over their aggregate par value), 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. Any dividend we pay will be determined at the absolute discretion of our Board, taking into account the dividend policy we intend to adopt upon Listing, which includes factors such as our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors our Board deems to be appropriate.

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We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend 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 calculated according to PRC accounting principles. PRC laws also require a foreign-invested enterprise, 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. Distributions from us and our subsidiaries may also become subject to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

The amount of dividend actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to approval of our shareholders. Our Board has the absolute discretion to recommend any dividend.

DISTRIBUTABLE RESERVES

As at 31 December 2021, we had distributable reserves of RMB213.3 million.

LISTING EXPENSES

Our listing expenses mainly include underwriting fees and commissions and professional fees paid to legal, accounting and other advisers for their services rendered in relation to the Listing and the Global Offering. The estimated total listing expenses (based on the mid-point of the Offer Price range and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB57.2 million (HK\$66.6 million), which represents 14.4% of the gross proceeds from the Global Offering, and comprising (i) underwriting-related expenses, including underwriting commissions, trading fee and levy of RMB20.2 million (HK\$23.6 million); and (ii) non-underwriting-related expenses of RMB37.0 million (HK\$43.0 million), including (a) fees paid and payable to legal advisers and the Reporting Accounts of RMB26.3 million (HK\$30.6 million); and (b) other fees and expenses, including sponsor fees, of RMB10.7 million (HK\$12.4 million). RMB20.6 million (HK\$24.0 million) of listing expenses were charged to our consolidated statements of profit or loss and other comprehensive income during the Track Record Period. We estimate that we will incur further listing expenses of RMB36.6 million (HK\$42.6 million), of which RMB7.6 million (HK\$8.9 million) will be charged to our consolidated statements of profit or loss and other comprehensive income and the remaining amount of RMB29.0 million (HK\$33.7 million) is expected to be recognized directly as a deduction from equity upon the Listing.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted consolidated net tangible assets of our Group which has been prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set forth below to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to equity holders of our Company as at 31 December 2021 as if the Global Offering had taken place on 31 December 2021.

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The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group had the Global Offering been completed as at 31 December 2021 or any future date. It is prepared based on our consolidated net assets as at 31 December 2021 as set forth in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. Our unaudited pro forma adjusted consolidated net tangible assets do not form part of the Accountants' Report in Appendix I to this prospectus.

	Consolidated net tangible assets attributable to owners of the parent as at 31 December 2021	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent as at 31 December 2021	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per share as at 31 December 2021	
	<i>RMB'000</i> (Note 1)	<i>RMB'000</i> (Note 2)	<i>RMB'000</i>	<i>RMB</i> (Note 3)	<i>HK\$ equivalent</i> (Note 4)
Based on an Offer Price of HK\$4.83 per Share, after a Downward Offer Price Adjustment of 10%	415,706	274,470	690,176	1.53	1.79
Based on an Offer Price of HK\$5.36 per Share	415,706	308,589	724,295	1.61	1.87
Based on an Offer Price of HK\$6.96 per Share	415,706	411,595	827,301	1.84	2.14

Notes:

- (1) The consolidated net tangible assets attributable to owners of the parent as at 31 December 2021 is arrived at after deducting other intangible assets of RMB1,152,000 from the consolidated equity attributable to owners of the parent of RMB416,858,000 as at 31 December 2021 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are calculated based on the offer price of HK\$5.36 per Share or HK\$6.96 per Share, and also based on the offer price of HK\$4.83 (being the low-end of the offer price range set out in this prospectus after making Downward Offer Price Adjustment of 10%), after deduction of the underwriting fees and related expenses payable by the Company (excluding listing expense of RMB20,648,000 which have been charged to profit or loss prior to 31 December 2021) and do not take into account any Shares which may be issued upon exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are calculated based on 450,000,000 Shares in issue immediately following the completion of the Global Offering without taking into account any Shares which may be issued upon exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased under the general mandates for the allotment and issue or repurchase of the Shares as described in "Appendix IV—Statutory and General Information".
- (4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are converted into Hong Kong dollars at an exchange rate of RMB1.00 to HK\$1.1649.
- (5) No adjustment has been made to reflect any trading results or open transactions of the Group entered into subsequent to 31 December 2021.

FINANCIAL INFORMATION

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 31 December 2021, being 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 31 December 2021 that would materially affect the information as set forth 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 at 31 December 2021, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RECENT DEVELOPMENTS

Subsequent to the Track Record Period and up to the Latest Practicable Date, China's healthcare insight solutions industry had not experienced material and adverse changes. Our business continued to grow and we strived to enhance our market position. Our business segments and cost structure remained stable. We continued to invest in our research and development of big data and AI technologies, supporting our different business segments with a strategic focus on SaaS products. Our unaudited revenue for the four months ended 30 April 2022 decreased as compared to the same period in 2021, due to the decrease in our revenue generated from our Data-driven Publications and Events as we postponed our 2022 Merchandise Trading Event from March to the end of May, while such event was held in March in 2021. However, for each of our Data Insight Solutions and SaaS segments, we recorded an increase in revenue during the same period. We retained existing clients and also attracted new clients for growth of our business when comparing those periods. Based on our preliminary review of the Group's operating data, with a specific focus on the Group's key business segments:

- **Data Insight Solutions.** Within our Data Insight Solutions segment, as at 30 April 2022, we had 96 and 90 backlog contracts that had been entered into but not completed with a total outstanding contract value of approximately RMB68.1 million and RMB32.3 million for our Growth and Investment Decision Solutions and Data-driven Marketing Solutions, respectively, among which, approximately a total of RMB86.9 million are expected to be recognized as our revenue for the year ending 31 December 2022. We covered a total of 110 corporate clients through these backlog contracts.
- **Data-driven Publications and Events.** We held our 2022 Merchandise Trading Event at the end of May 2022. The number of attendees for 2022 had dropped as compared to that in 2021 due to travel restrictions and lockdown measures implemented by certain regional governments in response to the spread of COVID-19 cases. Therefore, we may plan to hold another Merchandise Trading Event in the second half of 2022 to satisfy the demands of those who were unable to attend such event at the end of May.

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- **SaaS.** Our SaaS business continued to grow with our enhanced capabilities, market recognition, marketing efforts and cross-selling opportunities. As at 30 April 2022, we had 163 backlog contracts that had been entered into but not completed for our SaaS products with a total outstanding contract value of approximately RMB14.1 million, among which, approximately a total of RMB13.3 million are expected to be recognized as our revenue for the year ending 31 December 2022. We covered a total of 127 corporate clients through these backlog contracts.

See “Summary—Recent Developments” in this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business—Our Strategies” in this prospectus.

USE OF PROCEEDS

Assuming an Offer Price of HK\$6.16 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK\$5.36 and HK\$6.96 per Offer Share), we estimate that we will receive net proceeds of approximately HK\$395.4 million (equivalent to RMB339.4 million) from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. We intend to use the net proceeds from the Global Offering as follows:

- (i) Approximately 50.8%, or HK\$200.9 million, will be used primarily to upgrade and enhance our SaaS products (with a focus on Smart Decision Cloud, Smart Retail Cloud and Smart Medical Cloud), and their marketing and promotion. Our SaaS products have contributed to steady increases in revenue generated from this business segment throughout the Track Record Period as this segment moved from its initial stage into a rapid growth stage. Revenue generated from SaaS increased by approximately 304.0% from RMB7.0 million for the year ended 31 December 2020 to RMB28.2 million for the year ended 31 December 2021. For the same periods, we recorded an increase in gross profit margin of 8.0% to 60.4% due to an increase in the number of our SaaS clients as a result of our direct marketing efforts and cross-selling opportunities. We plan to attract new clients and also to increase penetration of our SaaS products among our existing clients through cross-selling, which will also help strengthen our existing relationships and increase their engagement level and retention rate. Our clients have increasing demand for specific solutions and evolving business needs, which we intend to address through our SaaS products. In addition to cross-selling opportunities, our SaaS products also create synergies with our other business segments by acting as data sources for our Data Insight Solutions and Data-driven Publications and Events. We plan to leverage our industry knowledge to add industry data and insights to create additional synergies between our Data Insight Solutions and SaaS to aid in strategic development of our clients’ businesses. Our SaaS clients also become clients and participants of our Data Insight Solutions and Data-driven Publications and Events.

We plan to continue our research and development on various SaaS products and to focus on functions according to market demand such as those that help clients transform from traditional operation and management methods to more efficient digital operation methods to increase their competitiveness. At the same time, we plan to strengthen our operational capabilities and enhance the user experience of our SaaS products through management of our channels, our brand, and the supply chain. We expect marketing and promotion expenditure to increase in order to continue building our user base and product activities.

FUTURE PLANS AND USE OF PROCEEDS

- For Smart Decision Cloud, we are planning to establish modules and tools for the following client types and users:
 - **Pharmacies.** Increase functions within Pharmacy Connect for digital marketing and to connect online and offline consumer marketing platforms, and tools for using feedback from consumer preferences to broaden scope of healthcare solutions and products;
 - **Pharmaceutical distribution companies.** Increase functions and support for cloud-based solutions for various internal management systems to enhance their operational efficiency, including a pharmaceutical drug tracking platform; and
 - **Medical product manufacturers.** Increase functions and more powerful tools within LinkedSee and to support their internal management systems and collect data in a similar fashion to our existing SIC, and consumer marketing management systems including tools to gain feedback on consumer preferences and a public opinion monitoring platform to assist in optimizing marketing decisions.

We plan to establish and maintain a suite of SaaS products that supports digitalization of the entire healthcare industry chain, such that all participants, from pharmacies and those upstream from them, will gain additional insight into the supply chain and consumer preferences. These upgraded operation and promotion capabilities are intended to maximize the value of Smart Decision Cloud products to the industry and our clients and also to accelerate the digital transformation of the healthcare industry.

- For Smart Retail Cloud, we are planning to develop and upgrade tools and functions for pharmacies, such as smart replenishment tools for inventory management, tools for tracking origin and manufacturing details of products, health management plans for their members, an online market place and further iterations of our current CRM offerings and modules to allow for more advanced membership, inventory and staff management to support increased digitalization of their stores. We are also planning to build a private platform to connect chain pharmacies and medical product manufacturers to allow for a feedback loop and cross-promotion of related products.
- For Smart Medical Cloud, due to the high degree of specialization in the medical field, the requisite data structure to be processed is highly complex. We plan to continue the research and development remaining before this offering is completed, including developing and upgrading precise CRM modules utilizing comprehensive patient records and intelligent diagnostic systems. We intend to leverage our cloud capabilities to allow institutions using our products to be empowered to provide a complete online diagnosis and treatment service chain to improve service efficiency and potential coverage, and to be supported by an intelligent platform where doctors can have real-time access to electronic medical

FUTURE PLANS AND USE OF PROCEEDS

records and diagnostic references and treatment suggestions during the consultation process. Another element will be an intelligent follow-up function as an important extension of diagnosis and treatment services. We plan to develop this intelligent follow-up tool to assist medical staff to automatically screen, arrange, and plan the patient management queue efficiently, as well as dynamically adjusting the follow-up plan in a personalized manner according to patient data. This is designed to alleviate the demand and workload on medical staff from increasing demands from patients for pre-diagnosis prevention, post-diagnosis rehabilitation and the subsequent follow-up.

- We recognize that marketing and promotion are vital to the success of our SaaS products, and intend to establish a professional promotion team to promote our offerings and educate potential clients.

This marketing and promotion team will also help to a) expand the current marketing channel coverage, b) further strengthen our brand, c) promote our after-sales service abilities, d) increase the quality of our client service, and e) improve our overall management and operations. Their focus will be on medical product manufacturers, medical service institutions, chain pharmacies and other potential clients in the healthcare industry.

Specifically, for illustration purposes, we intend to implement our planned use of proceeds on the above initiatives for our SaaS products over the next four years, with the detailed breakdown of the proceeds to be allocated as follows:

- Approximately 47.9%, or approximately HK\$189.4 million, will be used to intensify our efforts to develop and market our SaaS products by expanding our talent base by hiring approximately 393 new employees. The need for our Group to hire more employees to support the initiatives related to our SaaS products is vital, as the current workforce is not sufficient to support and sustain the expected increase in business from our SaaS products. In particular, corporate clients for our SaaS products and revenue from SaaS products have grown rapidly throughout the Track Record Period, from 226 corporate clients and revenue of approximately RMB4.4 million for the year ended 31 December 2019 to 432 corporate clients and revenue of approximately RMB28.2 million for the year ended 31 December 2021. Revenue generated from our SaaS products as a percentage of our total revenue has grown from approximately 3.5% for 2020 to 8.7% for 2021, and this trend is expected to continue in the future. Our SaaS business segment is in its growth stage, with two products recently entering the revenue-generating stage, namely Smart Health Management Cloud in the latter half of 2020 and Smart Medical Cloud in the first half of 2021, necessitating an increase in our employee teams. They will comprise:
 - a professional promotion team of approximately 143 employees who will be responsible for promoting and establishing the full sales and distribution channels both regionally and nationwide. Among these new hires, ten of them are expected to be director-level recruits, namely Sales Directors, a Brand Director, and a Marketing Director, with extensive experience in the

FUTURE PLANS AND USE OF PROCEEDS

technology or healthcare industry, 110 of them are expected to be managers responsible for sales, brand promotion, marketing and regional coverage, eight of them are expected to be graphic designers, and 15 of them are expected to be marketing specialists;

- a team of approximately 126 employees who will be responsible for operation and maintenance of these SaaS products and related client service functions. Among these new hires, four of them are expected to be experienced director-level recruits, namely a Director of Implementation, Directors of Operations, and a Director of Solutions, with extensive experience in the technology or healthcare industry, 51 of them are expected to be managers responsible for implementation and operations, projects, product operations, solutions, online operations and search engine marketing, and 71 of them are expected to be operations support staff; and
 - a team of approximately 124 employees to enlarge our research and development team, including R&D directors, development and testing engineers, and product managers. Among these new hires, eight of them are expected to be director-level recruits, namely a senior technical director, directors of products and directors of research and development, with extensive experience in the technology or healthcare industry, six of them are expected to be architects responsible for technical design and leading development projects, 15 of them are expected to be managers responsible for products and testing, and 95 are expected to be engineers or analysts responsible for front-end and back-end development, data testing and development, operations and maintenance, demand analysis, and other projects.
 - Approximately 2.9%, or approximately HK\$11.5 million, will be used to enhance and upgrade our technology infrastructure specific to the promotion of our SaaS products, which will primarily be hardware and software to support demo environments for SaaS product sales, and also office equipment for corresponding personnel.
- (ii) Approximately 49.2%, or HK\$194.5 million, will be used primarily to conduct further research and development of our technology and data warehouse, and in particular for the following projects: a) our AI technologies, including our Big Data & AI Lab, our woodpecker medical cognition aPaaS and life science solution aPaaS, and b) the middleware for Sinohealth Engine, which will involve big data aPaaS technical research and development, internet data center (“IDC”) (including internet resources cooperation services) and application for the requisite certification. We expect research and development in this area to improve the efficiency of our SaaS products and the quality and delivery speed of non-SaaS insight solutions.

FUTURE PLANS AND USE OF PROCEEDS

For our AI technologies:

- As part of our Big Data & AI Lab, we are working on projects including using deep learning technology to create models that will have real-life applications and practical utility. Other research projects include using machine learning and big data analysis technology to build tools using high-dimensional data processing, feature extraction, Bayesian statistics, and symbolic machine learning, and also basic biomedical research involving fields such as biomedicine, pre-clinical and clinical medicine, combined with artificial intelligence. One area of focus for our team is a model for medical literature analysis, where we have laid the groundwork and intend to continue improving.
- For our woodpecker medical cognition aPaaS, where we have completed approximately 50% of the planned research and development, we plan to provide powerful medical text analysis capabilities in this aPaaS, including electronic medical records, medical-related documents and other medical texts, and output the results of the analysis as standardized terms. In addition, we hope to develop a knowledge engine tool so that users can use this to configure intelligent clinical tools and calculation paths based on medical evidence, and quickly deploy them for their own solutions.
- For the life science solution aPaaS, we plan to provide AI-based gene and protein bioinformatics tools (such as gene sequence alignment tools and protein spatial structure prediction tools), and also a complex biomedical knowledge graph (such as a drug that targets disease genes) and graph reasoning tools to assist in new drug discovery. At the same time, data integration management tools, ePRO tools and statistical analysis tools will also be provided at the clinical level to support clinical trials and RWS. We hope to allow industrial enterprise and scientific research institution clients to quickly assemble their required capabilities on this platform without any development work.

For Sinohealth Engine, which is our core of applied research and development, we plan to continue investments for iterative development to a) improve its development efficiency to allow developers to quickly build scenario-based intelligent applications on this platform in a low code or no code environment; b) improve its capacity and resource utilization so that it can accumulate core capabilities of different business segments and create application modules which can then be used by other segments; and c) improve its technological realization abilities by simplifying numerous development links and reducing integration difficulties, which will allow developers to focus instead on implementing their module's technology. We also plan to use proceeds for setting up an IDC to support Sinohealth Engine.

FUTURE PLANS AND USE OF PROCEEDS

Specifically, for illustrative purposes, we intend to implement our planned use of proceeds on research and development for our technology and data warehouse over the next four years, with the detailed breakdown of the proceeds to be allocated as follows:

- Approximately 19.5%, or approximately HK\$77.1 million, will be used to enhance and upgrade our technology infrastructure, including the IDC and purchase of IT and office equipment, data and management software, operating system, security software and cloud storage and cloud security services to expand storage and computing capabilities. Data is our crucial and core asset, and data security is a top priority from our perspective, whether for security of digital systems or the security of the operating systems, software, or cloud resources. These are crucial to the backbone of our operations, and an important factor in the need to set up an IDC to support Sinohealth Engine. In addition, purchase of additional relevant data processing software is necessary for continued support of our data processing capabilities and offerings.
- Approximately 29.7%, or approximately HK\$117.4 million, will be used to expand our talent base by hiring approximately 204 new employees, which is vital to implement the planned research and upgrade of our technology and data warehouse and initiatives set out above, as our current workforce is not sufficient to support full implementation. For example, we had only completed part of the research and development project for our woodpecker medical cognition aPaaS and the life science solutions aPaaS and require additional employees to carry out the next phases, including opening up to third-party developers and business partners. Among these new hires, one of them is expected to be a chief scientist with extensive experience in the technology or healthcare industry, nine of them are expected to be director-level recruits, namely directors of products, projects, data, and research and development, two of them are expected to be architects responsible for technical design and leading development projects, 12 of them are expected to be specialists in medicine, clinical medicine, epidemiology, and laboratory operations, 24 of them are expected to be managers responsible for products, data and data processing, testing, medical and clinical data, and biostatistics, and 156 are expected to be engineers, analysts or researchers responsible for data warehouse development, data analysis and processing, front-end and back-end development, deep learning and AI programs development, bioinformatics development, and academic and intellectual property projects.

FUTURE PLANS AND USE OF PROCEEDS

Implementation Timeline

The following table sets forth a breakdown of the net proceeds estimated to be applied in the years indicated.

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
	(in millions of HK\$)				
(i) upgrade and enhance SaaS products	7.2	47.8	75.0	70.9	200.9
(ii) research and development of technology and data warehouse. . .	<u>15.5</u>	<u>45.5</u>	<u>66.7</u>	<u>66.8</u>	<u>194.5</u>
Total	<u>22.7</u>	<u>93.3</u>	<u>141.7</u>	<u>137.7</u>	<u>395.4</u>

In the event that the Offer Price is fixed below or above the mid-point of the indicative Offer Price range, the proceeds allocated to the above purposes will be adjusted on a pro rata basis.

In the event that the Offer Price is set at HK\$5.36 per Share (being the bottom end of the indicative Offer Price range), the estimated net proceeds we will receive will be reduced by approximately HK\$60.0 million (assuming that the Over-allotment Option is not exercised). If we make a Downward Offer Price Adjustment to set the final Offer Price at HK\$4.83 per Share, the estimated net proceeds we will receive from the Global Offering will be further reduced by an additional amount of approximately HK\$39.7 million. In the event that the Offer Price is set at HK\$6.96 per Share (being the top end of the indicative Offer Price range), the estimated net proceeds we will receive will be increased by approximately HK\$60.0 million (assuming that the Over-allotment Option is not exercised). In such events, we will increase or decrease the allocation of the proceeds to the above purposes on a pro-rata basis and we will consider internal resources or external financing for the relevant purposes in the case of decrease of proceeds allocated.

To the extent that the net proceeds are not immediately applied or required for the above purposes and to the extent permitted by applicable law and regulations, we will only place the proceeds in short-term interest-bearing accounts at authorized licensed banks.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and together the “**Cornerstone Investment Agreements**”) with the cornerstone investors set forth below (each a “**Cornerstone Investor**”, and together the “**Cornerstone Investors**”), who have agreed to, subject to certain conditions, subscribe at the Offer Price for such number of Offer Shares that may be purchased with an aggregate amount of approximately HK\$130,277,530 (exclusive of the brokerage, SFC transaction levy, FRC transaction levy and Stock Exchange trading fee) (the “**Cornerstone Placing**”).

Assuming an Offer Price of HK\$4.83 per Offer Share, being the Offer Price after Downward Offer Price Adjustment of 10%, the total number of Offer Shares to be subscribed for under the Cornerstone Placing would be 26,971,500 Offer Shares, representing approximately 35.96% of the Offer Shares pursuant to the Global Offering and approximately 5.99% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK\$5.36 per Offer Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed for under the Cornerstone Placing would be 24,304,500 Offer Shares, representing approximately 32.41% of the Offer Shares pursuant to the Global Offering and approximately 5.40% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK\$6.16 per Offer Share, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed for under the Cornerstone Placing would be 21,148,000 Offer Shares, representing approximately 28.20% of the Offer Shares pursuant to the Global Offering and approximately 4.70% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK\$6.96 per Offer Share, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Shares to be subscribed for under the Cornerstone Placing would be 18,717,000 Offer Shares, representing approximately 24.96% of the Offer Shares pursuant to the Global Offering and approximately 4.16% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Our Directors are of the view that, the Cornerstone Placing will help raise the profile of our Company, and signify the confidence of the Cornerstone Investors in our business and prospect to potential investors and the market at large.

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements. To the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party and is not an existing Shareholder nor an associate of any of our existing Shareholders; (ii) none of the Cornerstone Investors is accustomed to taking instructions from our Company and any of its subsidiaries, Directors, chief executive, Controlling Shareholders, substantial shareholders and existing shareholders, or their respective close associates; and (iii) none of the subscription of the Offer Shares by the Cornerstone Investors is financed by our Company and its subsidiaries, Directors, chief executive, Controlling Shareholders, substantial shareholders and existing shareholders, or

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their respective close associates. The Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements will rank *pari passu* in all respect with the other fully paid Shares in issue following the completion of the Global Offering and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any Board representation in our Company and/or become a substantial shareholder of our Company. The Cornerstone Investors do not have any preferential rights under the Cornerstone Investment Agreements compared with other public Shareholders, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

To the best knowledge of our Company, (i) there is no delayed delivery or deferred settlement of the Shares to be subscribed by the Cornerstone Investors; (ii) there is no side agreement or arrangement between our Group and each of the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing; (iii) our Company became acquainted with each of the Cornerstone Investors either through its business operation and connections or through introduction by the Underwriter(s); and (iv) each of the Cornerstone Investors expects to fund his/its respective cornerstone investment with his/its internal resources or funds under its management.

Pursuant to the Cornerstone Investment Agreements, each Cornerstone Investor has agreed to make full payment of the aggregate investment amount prior to 8 a.m. on the Listing Date. The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Placing 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 and Conditions of the Global Offering—The Hong Kong Public Offering— Reallocation” in this prospectus. Each of the Cornerstone Investors has agreed that, in the event that the requirement pursuant to Rules 8.08(3) of the Listing Rules, which provides that no more than 50% of our Shares in public hands on the Listing Date can be beneficially owned by the three largest public Shareholders, cannot be satisfied, our Company, the Sole Representative (on behalf of the Underwriters) and the Sole Sponsor have the right to adjust the allocation of the number of Offer Shares to be subscribed by the Cornerstone Investors in their sole and absolute discretion to satisfy the requirement pursuant to Rule 8.08(3) of the Listing Rules. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around 11 July 2022.

To the extent that the Offer Shares will be subscribed for by a qualified domestic institutional investor (“**QDII**”) as the nominee of the relevant Cornerstone Investors, the Cornerstone Investors will procure the QDII to comply with the terms of the relevant Cornerstone Investment Agreements in order to ensure the Cornerstone Investors’ compliance with their undertakings under the relevant Cornerstone Investment Agreements.

We have applied to the Stock Exchange, and the Stock Exchange has granted its consent under paragraph 5(1) of Appendix 6 to the Listing Rules in relation to the cornerstone investments made by CCB Asset (as defined below), details of which are set out in this section below.

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The following table sets forth the number of Offer Shares to be subscribed for or purchased by each of the Cornerstone Investors based on the total subscription or purchase price payable by each Cornerstone Investor (rounded down to the nearest whole board lot of 500 Shares) and the relevant assumptions of the Offer Price:

Assuming an Offer Price of HK\$4.83 per Share (being the Offer Price after Downward Offer Price Adjustment of 10%)							
Name of the Cornerstone Investors (each as defined below)	Investment amount	Investment amount	Number of Offer Shares to be subscribed for ⁽¹⁾	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised		
				Approximate percentage of the Offer Shares	Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering	Approximate percentage of the Offer Shares	Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering
		<i>HK\$ equivalent</i>					
Baheal Wellness Limited	HK\$29,700,000	29,700,000	6,149,000	8.20%	1.37%	7.13%	1.33%
Lun's Family	US\$1,980,000	15,539,830	3,217,000	4.29%	0.71%	3.73%	0.70%
Kangshi No.1 LP	RMB33,000,000	38,441,700	7,958,500	10.61%	1.77%	9.23%	1.73%
Mr. Zheng	RMB40,000,000	46,596,000	9,647,000	12.86%	2.14%	11.18%	2.09%
Total		130,277,530	26,971,500	35.96%	5.99%	31.27%	5.85%

Assuming an Offer Price of HK\$5.36 per Share (being the low end of the indicative range of the Offer Price range)							
Name of the Cornerstone Investors (each as defined below)	Investment amount	Investment amount	Number of Offer Shares to be subscribed for ⁽¹⁾	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised		
				Approximate percentage of the Offer Shares	Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering	Approximate percentage of the Offer Shares	Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering
		<i>HK\$ equivalent</i>					
Baheal Wellness Limited	HK\$29,700,000	29,700,000	5,541,000	7.39%	1.23%	6.42%	1.20%
Lun's Family	US\$1,980,000	15,539,830	2,899,000	3.87%	0.64%	3.36%	0.63%
Kangshi No.1 LP	RMB33,000,000	38,441,700	7,171,500	9.56%	1.59%	8.31%	1.55%
Mr. Zheng	RMB40,000,000	46,596,000	8,693,000	11.59%	1.93%	10.08%	1.88%
Total		130,277,530	24,304,500	32.41%	5.40%	28.18%	5.27%

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Assuming an Offer Price of HK\$6.16 per Share
(being the mid-point of the indicative range of the Offer Price range)

Name of the Cornerstone Investors (each as defined below)	Investment amount	Investment amount	Number of Offer Shares to be subscribed for ⁽¹⁾	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
				Approximate percentage of the Offer Shares	Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering	Approximate percentage of the Offer Shares	Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering
		<i>HK\$ equivalent</i>					
Baheal Wellness Limited	HK\$29,700,000	29,700,000	4,821,000	6.43%	1.07%	5.59%	1.05%
Lun's Family	US\$1,980,000	15,539,830	2,522,500	3.36%	0.56%	2.92%	0.55%
Kangshi No.1 LP	RMB33,000,000	38,441,700	6,240,500	8.32%	1.39%	7.24%	1.35%
Mr. Zheng	RMB40,000,000	46,596,000	7,564,000	10.09%	1.68%	8.77%	1.64%
Total		130,277,530	21,148,000	28.20%	4.70%	24.52%	4.58%

Assuming an Offer Price of HK\$6.96 per Share
(being the high end of the indicative range of the Offer Price range)

Name of the Cornerstone Investors (each as defined below)	Investment amount	Investment amount	Number of Offer Shares to be subscribed for ⁽¹⁾	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
				Approximate percentage of the Offer Shares	Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering	Approximate percentage of the Offer Shares	Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering
		<i>HK\$ equivalent</i>					
Baheal Wellness Limited	HK\$29,700,000	29,700,000	4,267,000	5.69%	0.95%	4.95%	0.93%
Lun's Family	US\$1,980,000	15,539,830	2,232,500	2.98%	0.50%	2.59%	0.48%
Kangshi No.1 LP	RMB33,000,000	38,441,700	5,523,000	7.36%	1.23%	6.40%	1.20%
Mr. Zheng	RMB40,000,000	46,596,000	6,694,500	8.93%	1.49%	7.76%	1.45%
Total		130,277,530	18,717,000	24.96%	4.16%	21.70%	4.06%

Notes:

- Subject to rounding down to the nearest whole board lot of 500 Shares and calculated based on the exchange rate of RMB1.00 to HK\$1.1649 and US\$1.00 to HK\$7.8484 as described in "Information about this Prospectus and the Global Offering—Currency Translations." The actual investment amount of the relevant Cornerstone Investors may change due to the exchange rate to be used as prescribed in the relevant Cornerstone Investment Agreements.
- Assuming there will be no reallocation of the Offer Shares between the Hong Kong Public Offering and the International Offering and no adjustment required to satisfy Rule 8.08(3) of the Listing Rules.

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The following information about the Cornerstone Investors was provided by the Cornerstone Investors in relation to the Cornerstone Placing:

Baheal Wellness Limited

Baheal Wellness Industry International Trading Limited (百洋健康產業國際商貿有限公司) (“**Baheal Wellness Limited**”) is a company incorporated in Hong Kong in June 2015 with limited liability and is principally engaged in investment and trading in the medical and health products industry. It is wholly-owned by Qingdao Baheal Medical Inc. (青島百洋醫藥股份有限公司) (“**Qingdao Baheal**”), a company listed on the Shenzhen Stock Exchange (stock code: 301015) and one of our top five clients during the Track Record Period. As confirmed by Baheal Wellness Limited, the subscription or purchase of the Offer Shares pursuant to the relevant Cornerstone Investment Agreement does not require any approval from the shareholders of Qingdao Baheal or the Shenzhen Stock Exchange.

Lun’s Family

Lun’s Family Holdings Limited (“**Lun’s Family**”) is an exempted company incorporated in the Cayman Islands in October 2020 with limited liability. It is wholly-owned by HSBC International Trustee Limited, in its capacity as the trustee of a private family trust established by Mr. Lun Hung Gai (“**Mr. Lun**”) as the settlor for the benefit of himself and his family members. Mr. Lun is a director and the ultimate beneficial owner of (i) Kin Fung Weisen-U Company Limited, a company incorporated in Hong Kong in February 1985 with limited liability and is principally engaged in the development of gastrointestinal and respiratory pharmaceutical drugs, and being the brand owner of “WEISEN-U” (胃仙U); and (ii) The International Medical Company Limited, a company incorporated in Hong Kong in May 1995 with limited liability and is principally engaged in the distribution of prescription and OTC drugs, and being the sole agent of Ricqles Peppermint Cure (雙飛人藥水) in Hong Kong and Macau Special Administrative Region.

Kangshi No.1 LP

Guangdong Kangshi No.1 Private Equity Investment Partnership (Limited Partnership) (廣東康石壹號私募股權投資合夥企業(有限合夥)) (“**Kangshi No.1 LP**”) is a private investment fund structured in the form of a limited partnership, which was established in the PRC in June 2022 for the purpose of its cornerstone investment in our Company. The general partner of Kangshi No.1 LP is Guangdong Glory Fund Co., Ltd (廣東高瑞私募基金管理有限公司) (“**Glory Fund**”), which holds approximately 0.03% of its equity interest. Glory Fund is a company established in the PRC in March 2021 with limited liability and is principally engaged in investment management. It is owned as to 75.0% and 25.0% by Ms. Ou Zhanying (歐湛穎) and Mr. Zhao Zhenxiong (趙振雄), respectively. The limited partners of Kangshi No.1 LP are Guangzhou Nansha Capital Investment Co., Ltd (廣州南沙資本投資有限公司) (“**Nansha Capital**”) and Mr. Yang Rongsen (楊榮森), which respectively hold approximately 57.13% and 42.84% of its equity interest. Nansha Capital is a company established in the PRC in April 2022 with limited liability and is wholly-owned by Guangzhou Nansha Kejin Holdings Group Co., Ltd (廣州南沙科金控股集團有限公司), a state-owned entity. As Kangshi No. 1 LP has recently been established, it had not completed any other investment as at the Latest Practicable Date.

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For the purpose of this cornerstone investment, Kangshi No.1 LP has engaged CCB Principal Asset Management Co., Ltd. (建信基金管理有限責任公司) (“**CCB Asset**”), an asset manager which is a QDII as approved by the relevant PRC authorities, to subscribe for or purchase and hold such Offer Shares on its behalf.

CCB Asset is a member of the same group of companies as CCB International Capital Limited (“**CCBI**”), which is a Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager of the Global Offering. Accordingly, CCB Asset is a connected client of CCBI. We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, its consent under paragraph 5(1) of Appendix 6 to the Listing Rules to permit CCB Asset to participate in the Global Offering in its capacity as the QDII manager subject to certain conditions.

Mr. Zheng

Mr. Zheng Jingjie (鄭靖杰) (“**Mr. Zheng**”) graduated from Massachusetts Institute of Technology with a master’s degree in finance. He currently works as an investment analyst in Tibet Everaurum Investment Management Co., Ltd (西藏長金投資管理有限公司), an investment management firm established in the PRC which is owned by his family with assets under management in the range of RMB1 billion to RMB2 billion. Due to his family background, Mr. Zheng has started investing in the equity market as an individual investor with initial investment capital from his family since 2017. His current investment portfolio mainly includes securities in consumer and staples sectors on the PRC and Hong Kong stock markets.

For the purpose of this cornerstone investment, Mr. Zheng has engaged Hwabao Trust Co., Ltd. (華寶信託有限責任公司), an asset manager which is a QDII as approved by the relevant PRC authorities, to subscribe for or purchase and hold such Offer Shares on its behalf.

CLOSING CONDITIONS

The obligations of each of the Cornerstone Investors to subscribe for the Offer Shares under the respective Cornerstone Investment Agreements are 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 our Company and the Sole Representative (for itself and on behalf of the Underwriters);
- (iii) the Listing Committee having granted the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing) 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;

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- (iv) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the respective Cornerstone Investment Agreements 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, undertakings and confirmations of the Cornerstone Investors under the Cornerstone Investment Agreements are accurate and true in all respects and not misleading and that there is no material breach of the respective Cornerstone Investment Agreements on the part of the Cornerstone Investors.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six (6) months from the Listing Date (the “**Lock-up Restriction**”), dispose of any of the Offer Shares it has purchased pursuant to the relevant Cornerstone Investment Agreement, 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 Investors, including the Lock-up Restriction.

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HONG KONG UNDERWRITERS

BNP Paribas Securities (Asia) Limited
CCB International Capital Limited
Orient Securities (Hong Kong) Limited
Haitong International Securities Company Limited
UOB Kay Hian (Hong Kong) Limited
Guotai Junan Securities (Hong Kong) Limited
Eddid Securities and Futures Limited
Zhongtai International Securities Limited
Futu Securities International (Hong Kong) Limited
Innovax Securities Limited
Fosun Hani Securities Limited
Livermore Holdings Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between our Company and the Sole Representative (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse. The Global Offering comprises the Hong Kong Public Offering of initially 7,500,000 Hong Kong Offer Shares and the International Offering of initially 67,500,000 International Offer Shares, subject in each case, to reallocation on the basis as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement entered into on 27 June 2022, our Company is offering 7,500,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions set forth in this prospectus, the **GREEN** Application Form and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to: (a) the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus (including the Shares to be issued pursuant to (i) the exercise of the Over-allotment Option and (ii) the exercise of options to be granted under the Share Option Scheme) and such listing and permission not subsequently being revoked; and (b) certain other conditions set forth in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the Sole Representative (for itself and on behalf of the other Hong Kong Underwriters)), the Hong Kong Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers to subscribe for, the respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering, on the terms and conditions set forth in this prospectus, the **GREEN** Application Form and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to (among other things) the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms or otherwise, prior to 8:00 a.m. on the Listing Date.

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Grounds for termination

The Sole Representative (for itself and on behalf of the Hong Kong Underwriters) shall be entitled by notice (orally or in writing) to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

- (1) there shall develop, occur, exist or come into effect:
 - (a) any local, national, regional or international event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a local, regional, national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease or its escalation, mutation or aggravation (including without limitation, contagious coronavirus (COVID-19), SARS, swine or avian flu, H5N1, H1N1, H7N9, Ebola virus, Middle East respiratory syndrome (MERS) and such related or mutated forms), accident or interruption or delay in transportation, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, 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) or destruction of power plant) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, Singapore, Cayman Islands, British Virgin Islands or any other jurisdiction relevant to any member of our Group (the “**Relevant Jurisdictions**”);
 - (b) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions, equity securities or exchange control or any monetary or trading settlement system (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions;
 - (c) 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 generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange;
 - (d) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, the European Union (or any member thereof), Japan, Singapore or any of the other Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;

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- (e) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, the United States or the European Union (or any member thereof) on the PRC or any other jurisdiction relevant to any member of our Group;
- (f) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation, implementation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions;
- (g) any change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or adversely effecting an investment in the Offer Shares;
- (h) any litigation, dispute, arbitration, legal action or claim being threatened or instigated against any member of our Group, any Director or any Controlling Shareholder;
- (i) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or taking directorship of a Company;
- (j) the chairman or chief executive officer of our Company, or any Director vacating his or her office;
- (k) an authority or a political body or organization in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Controlling Shareholder or any Director;
- (l) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Over-allotment Option Shares) pursuant to the terms of the Global Offering;
- (m) any contravention by our Company or any member of our Group of the Companies Ordinance, the Company Law of the PRC, the Listing Rules or applicable laws;
- (n) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws;
- (o) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC;

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- (p) any change or development or event involving a prospective change or development in, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus;
- (q) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our 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 our Group or anything analogous thereto occurring in respect of any member of our Group; or
- (r) any demand by a creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Representative (for itself and on behalf of the Hong Kong Underwriters) (1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution 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, the final offering circular and any other document issued, given or used in connection with the contemplated offering and sale of the Offer Shares or otherwise in connection with the Global Offering; or (4) has or will have or may have the effect of making any part of Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(2) there has come to the notice of the Sole Representative that:

- (a) any statement contained in any of the application proof, the post hearing information pack, this prospectus, the **GREEN** Application Form, the formal notice, the price determination agreement, the receiving bank agreement, the registrar agreement and any agreement between our Company and the eWhite Form Service Provider, the cornerstone investment agreements, the preliminary offering circular and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto (the “**Offer-Related Documents**”)) was, when it was issued, or has become, untrue, incorrect, inaccurate or incomplete in any material respect or misleading, or that any forecast, estimate, expression of opinion, intention or expectation contained in any such documents

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and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable grounds or reasonable assumptions;

- (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Offer-Related Documents;
- (c) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters);
- (d) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of the Group;
- (e) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement;
- (f) 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;
- (g) any breach of, or any event or circumstance rendering untrue, incorrect or misleading in any respect, any of the warranties given by our Company and/or the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;
- (h) approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option under the Global Offering) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- (i) a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled; or
- (j) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

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Undertakings given to the Stock Exchange pursuant to the Listing Rules

(1) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that, except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-Allotment Option), the allotment and issue of Shares upon the exercise of options to be granted under the Share Option Scheme, and the other circumstances as permitted by Rule 10.08(1) to (5) of the Listing Rules, no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date).

(2) Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has jointly and severally undertaken to us and to the Stock Exchange that except pursuant to the Global Offering, the Over-allotment Option and the Stock Borrowing Agreement, he/she/it shall not, and shall procure that the close associates or companies controlled by him/her/it or his/her/its nominees or trustees (as the case may be) who is/are the registered holder(s) of the securities as referred to in paragraph (a) below shall not:

- (a) in the period commencing on the date by reference to which disclosure of his/her/its shareholdings in our Company is made in this prospectus 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 or securities of our Company that he/she/it is shown by this prospectus to be the beneficial owner; and
- (b) at any time during the period of six months commencing from the date on which the period referred to in paragraph (a) 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 of our Company referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be, or regarded as, a group of controlling shareholders (as defined in the Listing Rules) of our Company.

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Each of our Controlling Shareholders has further jointly and severally undertaken to us and the Stock Exchange that, within a period commencing from the date which disclosure of his/her/its shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it shall:

- (a) when he/she/it pledges or charges any of the Shares or securities in our Company beneficially owned by him/her/it, whether directly or indirectly, 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, immediately inform us in writing of such pledge or charge together with the number of Shares or securities of our Company so pledged or charged; and
- (b) when he/she/it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform us of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by any of our Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement to be published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(1) Undertakings by our Company

Our Company has undertaken to each of the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option), the grant of options under the Share Option Scheme and the allotment and issue of Shares upon the exercise of options to be granted under the Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), we will not, and will procure each other member of our Group not to, without the prior written consent of the Sole Sponsor and the Sole Representative (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, 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 any mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind (“**Encumbrance**”) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as

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applicable, 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 Shares or any shares or other securities of such other member of our Group, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, with a depository in connection with the issue of depository receipts; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, 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 Shares or any shares or other securities of such other member of our Group, as applicable); or
- (c) enter into any transaction with the same economic effect as any transaction specified in sub-paragraphs (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraphs (a), (b) or (c) above, in each case, whether any of the transactions specified in sub-paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), our Company enters into any of the transactions specified in sub-paragraphs (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

(2) Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has undertaken to each of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, save as pursuant to the Global Offering and the Stock Borrowing Agreement, without the prior written consent of the Sole Sponsor and the Sole Representative (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) it/he/she will not, at any time during the First Six-Month Period,
 - (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or

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dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (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 Shares) or deposit any Shares or other securities of the Company with a depository in connection with the issue of depository receipts; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any interest therein (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 Shares); or
 - (c) enter into any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (a) or (b) above; or
 - (d) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraphs (a), (b) or (c) above, in each case, whether any of the transactions specified in sub-paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the transaction in respect of such Shares or other securities will be completed within the First Six-Month Period);
- (ii) it/he/she will not, during the Second Six-Month Period, enter into any of the transactions referred to in sub-paragraphs (i)(a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it/he/she together with other Controlling Shareholders will cease to be a “controlling shareholder” (as defined in the Listing Rules) of our Company; and
- (iii) until the expiry of the Second Six-Month Period, in the event that it/he/she enters into any of the transactions specified in sub-paragraphs (i)(a), (b) or (c) above or offer to or agrees to or announce any intention to effect any such transaction, it/he/she will take all reasonable steps to ensure that it/he/she will not create a disorderly or false market in the securities of our Company.

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Each of the Controlling Shareholders has further undertaken to each of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that it/he/she will, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date:

- (i) upon any pledge or charge in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or securities or interests in the Shares or securities of our Company beneficially owned by him/her/it for a bona fide commercial loan, immediately inform our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers in writing of such pledge or charge together with the number of Shares or securities so pledged or charged; and
- (ii) upon any indication received by him/her/it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the Shares or securities of our Company will be disposed of, immediately inform our Company and the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers in writing of such indications.

Indemnity

We and the Controlling Shareholders have undertaken to indemnify, hold harmless and keep fully indemnified (on an after-taxation basis), on demand, each of the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor and the Hong Kong Underwriters (and each of their respective head offices, subsidiaries, branches, associates, affiliates and delegates, as well as their respective directors, officers, employees and agents) from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us or the Controlling Shareholders of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' interests in our Group

As at the Latest Practicable Date and other than pursuant to the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other 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 our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 3A.07 of the Listing Rules.

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The International Offering

In connection with the International Offering, we expect to enter into the International Underwriting Agreement on the Price Determination Date with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the International Offer Shares or procure purchasers to purchase the International Offer Shares. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See “Structure and Conditions of the Global Offering—The International Offering” in this prospectus.

Under the International Underwriting Agreement, our Company and the Controlling Shareholders will agree to indemnify the International Underwriters against certain losses which they may suffer including losses as a result of certain claims or liabilities which might be incurred by the International Underwriters.

For details of the arrangements relating to the Over-allotment Option and stabilization, see “Structure and Conditions of the Global Offering” in this prospectus.

Total Commission and Expenses

BNP Paribas (as the Sole Representative, the Joint Global Coordinator, the Joint Bookrunner and an Underwriter) is entitled to an underwriting commission of 2.8% of the aggregate Offer Price of the Offer Shares underwritten by it or a minimum fee of US\$2.0 million, whichever is higher. The other Underwriters (excluding BNP Paribas) will be entitled to an underwriting commission of 2.8% of the aggregate Offer Price of the Offer Shares underwritten by the respective Underwriters to be determined by the Company and the Sole Representative (on behalf of the other Underwriters).

The Sole Sponsor will receive a sponsor fee. Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK\$6.16 (being the mid-point of the stated range of the Offer Price between HK\$5.36 and HK\$6.96), the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, FRC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to HK\$66.6 million in total and are payable by us.

Restrictions on the Offer Shares

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

Activities by Syndicate Members

The Underwriters and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

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The Underwriters 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 relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, 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. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Underwriters 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 the Underwriters 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 stock 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.

All such activities may occur both during and after the end of the stabilizing period as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus. 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 those activities, the Underwriters and their respective affiliates will be subject to certain restrictions, including the following:

- (a) the Underwriters and their respective affiliates (other than the Stabilizing Manager, its affiliates or any person acting for it) 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 Underwriters and their respective affiliates 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.

Some of the Underwriters or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Group for which such Underwriters or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Underwriters or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

THE STRUCTURE OF 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:

- (a) the Hong Kong Public Offering of initially 7,500,000 Shares (subject to reallocation as described below) for subscription by the public in Hong Kong as described in “—The Hong Kong Public Offering” in this section; and
- (b) the International Offering of an aggregate of, initially, 67,500,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in “—The International Offering” in this section.

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

The Offer Shares will represent approximately 16.7% of the number of Shares in issue immediately following completion of the Global Offering without taking into account the exercise of the Over-allotment Option and assuming the options which may be granted under the Share Option Scheme are not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 18.7% of the enlarged number of Shares in issue immediately following the completion of the Global Offering and the exercise of the Over-allotment Option (assuming the options which may be granted under the Share Option Scheme are not exercised).

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

We are initially offering 7,500,000 Shares under the Hong Kong Public Offering at the Offer Price, representing 10% of the total number of the Offer Shares being offered in the Global Offering, for subscription by way of public offer in Hong Kong. The number of Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 1.7% of the issued share capital of our Company immediately following the completion of the Global Offering (assuming the options granted or which may be granted under the Share Option Scheme are not exercised and the Over-allotment Option is not exercised).

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, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set forth in “—Conditions of the Global Offering” in this section of this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Allocation

Allocation of the Hong Kong 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 Offer Shares validly applied for by applicants. Such allocation of Hong Kong Offer Shares 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 Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purpose, the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation referred to below) will be equally divided into two pools for allocation purposes: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the SFC transaction levy, the FRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy, the FRC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B. Investors should be aware that applications in pool A and in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. For the purposes of the immediately preceding paragraph only, the “subscription price” for the Hong Kong Offer Shares means the price payable on the application (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of the Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within pool A or pool B, and between the two pools, and any application for more than 3,750,000 Hong Kong Offer Shares (being 50% of the 7,500,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) will be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. 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 Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below (the “**Clawback Mechanism**”):

- 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 Offer Shares initially available for subscription under the Hong Kong Public Offering, and provided that the International Offering is not undersubscribed, 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 22,500,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

- 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 Offer Shares initially available for subscription under the Hong Kong Public Offering, and provided that the International Offering is not undersubscribed, 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 30,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, and provided that the International Offering is not undersubscribed, 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 37,500,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated equally between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Representative (for itself and on behalf of the Underwriters) deems appropriate. In addition, the Sole Representative (for itself and on behalf of the Underwriters) may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In accordance with Guidance Letter HKEx-GL91-18 issued by the Stock Exchange, if such reallocation is done in the circumstance that (i) the International Offering is undersubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed irrespective of the number of times; or (ii) when the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is oversubscribed by less than 15 times, the total number of Offer Shares available under the Hong Kong Public Offering following such reallocation shall not be more than 15,000,000 Offer Shares (representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering and 20% of the total number of Offer Shares initially available under the Global Offering) (the “**Allocation Cap**”) and the final Offer Price shall be fixed at the bottom end of the Offer Price range stated in this prospectus (subject to a Downward Offer Price Adjustment).

If the Hong Kong Public Offering is not fully subscribed for, the Sole Representative has the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Representative deems appropriate.

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 Sole Representative, subject to the Clawback Mechanism and the Allocation Cap (as applicable).

However, if neither the Hong Kong Public Offering nor the International Offering is fully subscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Applications

Each applicant under the Hong Kong Public Offering will 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 for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he/she/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 Offer Price of HK\$6.96 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.005%, amounting to a total of HK\$3,515.07 for each board lot of 500 Shares. If the Offer Price, as finally determined in the manner described in “—Pricing and Allocation” in this section of this prospectus, is less than the maximum Offer Price of HK\$6.96 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy, the FRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. See “How to Apply for Hong Kong Offer Shares” in this prospectus.

THE INTERNATIONAL OFFERING

We are initially offering 67,500,000 Shares at the Offer Price, representing 90% of the total number of the Offer Shares being offered in the Global Offering, for subscription by way of the International Offering.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional 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 reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “—Pricing and Allocation” in this section and based on a number of factors, including the level and timing of demand, the 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 to buy further Shares, and/or hold or sell its Shares, after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

The Sole Representative (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 Sole Representative so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allotment of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in “—The Hong Kong Public Offering—Reallocation” in this section of this prospectus, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

However, if neither the Hong Kong Public Offering nor the International Offering is fully subscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Stabilizing Manager (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Stabilizing Manager (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 11,250,000 additional Offer Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 2.4% of the total Shares in issue immediately following the completion of the Global Offering (assuming the options which may be granted under the Share Option Scheme are not exercised). If the Over-allotment Option is exercised, an 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 retard and, if possible, prevent a decline in the market price of the securities below the Offer Price. Such transactions may be effected in

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. 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, its affiliates or any person acting for it, as stabilizing manager, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if taken, may be discontinued at any time, and is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. Should stabilizing transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it.

Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) 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, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and will expire on 4 August 2022, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market at prices that do not exceed the Offer Price or through the Stock Borrowing Agreement as detailed below or a combination of these means.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it may choose to borrow up to 11,250,000 Shares (being the maximum number of Shares which may be sold pursuant to the exercise of the Over-allotment Option) from Wellmark BVI, pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilizing Manager and Wellmark BVI on or about the Price Determination Date.

If the Stock Borrowing Agreement with Wellmark BVI is entered into, the borrowing of Shares will only be effected by the Stabilizing Manager, its affiliates or any person acting for it for the settlement of over-allocations in the International Offering and such borrowing arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set forth in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of Shares so borrowed must be returned to Wellmark BVI, as the case may be, on or before the third business day following the earlier of (a) the last day for exercising the Over-allotment Option and (b) the day on which the Over-allotment Option is exercised in full.

The Shares borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Wellmark BVI by the Stabilizing Manager, its affiliates or any person acting for it in relation to such Shares borrowing arrangement.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Tuesday, 5 July 2022 and, in any event, no later than Sunday, 10 July 2022, by agreement between the Sole Representative (for itself 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.

The Offer Price will not be more than HK\$6.96 per Offer Share and is expected to be not less than HK\$5.36 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK\$6.96 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.005%, amounting to a total of HK\$3,515.07 for each board lot of 500 Shares. **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 Offer Price range stated in this prospectus (subject to a Downward Offer Price Adjustment).**

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.

The Sole Representative (for itself and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors and institutional investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of Offer Shares offered and/or the 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, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, and on the website of our Company (ir.sinohealth.cn) and the website of the Stock Exchange (www.hkexnews.hk) notices of the reduction. If the number of Offer Shares and/or the Offer Price range is so reduced, the Company is required to (i) issue a supplemental prospectus informing potential investors of the updated information in connection with such change; and (ii) extend the offer period to allow potential investors to have sufficient time to consider and require them to positively confirm their applications in accordance with the procedures set forth in the supplemental prospectus and all unconfirmed applications will not be valid. Upon the issue of such notice and supplemental prospectus, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Representative (for itself and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice and supplemental prospectus will also include confirmation or revision, as appropriate, of the working capital statement, the Global Offering statistics as currently set forth in this prospectus and any other financial information which may change as a result of any such reduction. 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 Sole Representative (for itself 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.

In the event of a reduction in the number of Offer Shares, the Sole Representative may, at its 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 (assuming the Over-allotment Option is not exercised).

Announcement of Offer Price Reduction

The Sole Representative (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the consent of the Company, determine the final Offer Price to be no more than 10% below the bottom end of the indicative Offer Price range, at any time on or prior to the Price Determination Date.

In such situation, the Company will, as soon as practicable following the decision to set the final Offer Price below the bottom end of the indicative Offer Price range, publish on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (ir.sinohealth.cn) an announcement of the final Offer Price after making a Downward Offer Price Adjustment. Such announcement will be issued before and separate from the announcement of the results of allocations expected to be announced on Monday, 11 July 2022. The Offer Price announced following making of a Downward Offer Price Adjustment shall be the final Offer Price and shall not be subsequently changed.

In the absence of an announcement that a Downward Offer Price Adjustment has been made, the final Offer Price will not be outside the indicative Offer Price range as disclosed in this prospectus unless the Withdrawal Mechanism is utilized.

Announcement of Final Offer Price

Irrespective of whether a Downward Offer Price Adjustment is made, the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares—11. Publication of Results" in this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

UNDERWRITING

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 conditional upon the International Underwriting Agreement being executed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed “Underwriting” in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, (a) our Shares in issue and to be issued pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option), and (b) any Shares which may be issued upon the exercise of the options which have been or may be granted under the Share Option Scheme, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (ii) the Offer Price having been duly agreed between our Company and the Sole Representative (for itself and on behalf of the Underwriters);
- (iii) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms and conditions of the respective agreements, in each case, on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is the 30th day after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Representative (for itself and on behalf of the Underwriters) on or before Sunday, 10 July 2022, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among others, the other offering becoming unconditional and not having been terminated in accordance with its terms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

If the above conditions are not fulfilled or waived prior to the dates and times 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 on the websites of the Stock Exchange at www.hkexnews.hk and our Company at ir.sinohealth.cn on the next day following such lapse. In such a situation, all application monies will be returned, without interest, see “How to Apply for Hong Kong Offer Shares—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 bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates issued in respect of the Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed “Underwriting” in this prospectus has not been exercised at any time prior to 8:00 a.m. on the Listing Date.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares to be issued pursuant to the Global Offering (including the additional Shares which may be sold pursuant to the exercise of the Over-allotment Option and any additional Shares which may be issued pursuant to any exercise of any options granted or which may be granted under the Share Option Scheme).

No part of our Company’s share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal 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 CCASS. If the Listing Committee grants the listing of, and permission to deal in, our Shares and our Company complies with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or any other date HKSCC may choose. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement 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.

LISTING DATE

Assuming that the Global Offering becomes unconditional at or before 8:00 a.m. on Tuesday, 12 July 2022, it is expected that dealings in our Shares will commence at 9:00 a.m. on Tuesday, 12 July 2022. Our Shares will be traded in board lots of 500 Shares. The stock code of our Shares will be 2361.

HOW TO APPLY FOR HONG KONG OFFER 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 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 ir.sinohealth.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 Offer Shares electronically. The Company will not provide any physical channels to accept any application for the Hong Kong 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 Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar, **Boardroom Share Registrars (HK) Limited**, at +852 2153 1688 on the following dates:

- **Tuesday, 28 June 2022 — 9:00 a.m. to 9:00 p.m.**
- **Wednesday, 29 June 2022 — 9:00 a.m. to 6:00 p.m.**
- **Thursday, 30 June 2022 — 9:00 a.m. to 6:00 p.m.**
- **Monday, 4 July 2022 — 9:00 a.m. to 6:00 p.m.**
- **Tuesday, 5 July 2022 — 9:00 a.m. to 12:00 noon**

1. HOW TO APPLY

We will not provide any printed application forms for use by the public.

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- apply online via the **eWhite Form** service at www.ewhiteform.com.hk; or
- apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (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 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 Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

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.

Our Company, the Sole Representative, the **eWhite 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 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, and are not a U.S. Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If an application is made by a person under a power of attorney, the Sole Representative may accept it at its 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 **eWhite Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of shares in our Company and/or any of its subsidiaries;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- are a director or chief executive officer of our Company and/or any of its subsidiaries;
- are a close associate of any of the above;
- are a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

Items Required for the Application

If you apply for the Hong Kong Offer Shares online through the **eWhite Form** service, you must:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are applying for the Hong Kong 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.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, apply online through the **eWhite Form** service on the designated website at www.ewhiteform.com.hk.

For Hong Kong 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Minimum Purchase Amount and Permitted Numbers

You may apply through the **eWhite Form** Service, give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give, **electronic application instructions** for a minimum of 500 Hong Kong Offer Shares. Instructions for more than 500 Hong Kong Offer Shares must be in one of the numbers set forth in the table. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK\$		HK\$		HK\$		HK\$
500	3,515.07	5,000	35,150.73	75,000	527,260.97	1,000,000	7,030,146.36
1,000	7,030.15	7,500	52,726.10	100,000	703,014.63	1,250,000	8,787,682.95
1,500	10,545.22	10,000	70,301.46	125,000	878,768.30	1,500,000	10,545,219.54
2,000	14,060.30	12,500	87,876.83	150,000	1,054,521.96	2,000,000	14,060,292.72
2,500	17,575.37	15,000	105,452.20	200,000	1,406,029.27	2,500,000	17,575,365.90
3,000	21,090.43	20,000	140,602.93	250,000	1,757,536.59	3,000,000	21,090,439.08
3,500	24,605.52	25,000	175,753.66	375,000	2,636,304.89	3,750,000 ⁽¹⁾	26,363,048.85
4,000	28,120.58	37,500	263,630.49	500,000	3,515,073.18		
4,500	31,635.67	50,000	351,507.32	750,000	5,272,609.77		

Note:

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

4. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this document, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorize our Company and/or the Sole Representative (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong 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 forth in this prospectus and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied 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 in this prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vi) agree that none of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering 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 Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents 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 our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters nor any of their respective officers or advisers 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 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 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 Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the

HOW TO APPLY FOR HONG KONG OFFER SHARES

address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund cheque(s) in person;

- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, the Sole Representative and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (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 to the **eWhite Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (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 or to **eWhite Form** Service Provider; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our 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 (as applied by Section 342E of the Companies (Winding up and Miscellaneous Provisions) Ordinance).

5. APPLYING THROUGH EWHITE FORM SERVICE

General

Individuals who meet the criteria in “—2. Who can apply” in this section of this prospectus, may apply through **eWhite Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.ewhiteform.com.hk.

Detailed instructions for application through the **eWhite Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **eWhite Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **eWhite Form** service.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Submitting Applications under the eWhite Form service

You may submit your application to the **eWhite Form** service at www.ewhiteform.com.hk (24 hours daily, except on Tuesday, 5 July 2022, the last application day) from 9:00 a.m. on Tuesday, 28 June 2022 until 11:30 a.m. on Tuesday, 5 July 2022 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 5 July 2022 or such later time under the “—10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists” in this section of the prospectus.

No Multiple Applications

If you apply by means of the **eWhite Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **eWhite Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **eWhite 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 **eWhite Form** service or by any other means, all of your applications are liable to be rejected.

Our 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.

Incorrect or omission of beneficial name and/or beneficial owner identification codes (as the case may be) may render your application invalid. Our Company, the **eWhite Form** Service Provider, our Hong Kong Share Registrar, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents may reject or accept the application at their discretion.

With regard to the announcement of results of allocations under the section headed “—11. Publication of Results” below, 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 Hong Kong 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money 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 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 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 our Company, the Sole Representative and our Hong Kong Share Registrar.

Applying through CCASS EIPO Service

Where you have applied through **CCASS EIPO** service (either indirectly through a broker or custodian or directly) and an application is made by HKSCC Nominees on your behalf.

By applying through **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 will be liable to us or any other person in respect of the things mentioned below:

- (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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (ii) HKSCC Nominees will do the following things on your behalf:
- agree that the Hong Kong 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 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 instructions** 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 his agent;
 - confirm that you understand that our Company, our Directors, the Sole Representative and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorize our Company to place HKSCC Nominees' name on our register of members as the holder of the Hong Kong 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 forth in this prospectus and agree to be bound by them;
 - confirm that you have received and/or 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 forth in any supplement to this prospectus;
 - agree that none of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
 - agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Sponsor, the Sole Representative, the Joint Global

HOW TO APPLY FOR HONG KONG OFFER SHARES

Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;

- 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 before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is 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 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 our Company's announcement of the Hong Kong Public Offering results;
- 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 the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our 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 Act, 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 the Laws of Hong Kong.

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Effect of Applying through CCASS EIPO Service

By applying through **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 our 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 Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy, FRC 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, FRC 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 Instructions¹

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, 28 June 2022	— 9:00 a.m. to 8:30 p.m.
Wednesday, 29 June 2022	— 8:00 a.m. to 8:30 p.m.
Thursday, 30 June 2022	— 8:00 a.m. to 8:30 p.m.
Monday, 4 July 2022	— 8:00 a.m. to 8:30 p.m.
Tuesday, 5 July 2022	— 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 28 June 2022 until 12:00 noon on Tuesday, 5 July 2022 (24 hours daily, except on Tuesday, 5 July 2022, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 5 July 2022, the last application day or such later time as described in “—10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists” in this section of this prospectus.

¹ The 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.

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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 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 Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong 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 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.

Our 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 issued by the Federation of Share Registrars Limited.

Incorrect or omission of beneficial name and/or beneficial owner identification codes (as the case may be) may render your application invalid. Our Company, our Hong Kong Share Registrar, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents may reject or accept the application at their discretion.

With regard to the announcement of results of allocations under the section headed “—11. Publication of Results” below, 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 Participants are disclosed. Applicants who applied for the Hong Kong 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.

Personal Data

The following Personal Information Collection Statement applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving banks, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

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Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of the Hong Kong Offer Shares, of the policies and practices of the Company and its 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 Offer Shares to supply correct personal data to our Company or its agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong 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 Offer Shares being rejected, or in delay or the inability of our Company or its 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 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 Offer Shares inform our 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 e-Refund payment instructions/refund cheque, 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 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 our Company's Shares including, where applicable, HKSCC Nominees;
- maintaining or updating our Company's Register of Members;
- verifying identities of the holders of our Company's Shares;
- establishing benefit entitlements of holders of our Company's Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and its subsidiaries;
- compiling statistical information and profiles of the holder of our Company's Shares;

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- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the Hong Kong Share Registrar to discharge their obligations to holders of our Company's Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by our Company and the Hong Kong Share registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but our 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:

- our Company's appointed agents such as financial advisers, receiving banks and overseas principal share registrar;
- where applicants for the Hong Kong 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 our 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 Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

Our Company and the Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong 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.

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Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether our 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. Our Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing such requests. All requests for access to data or correction of data should be addressed to our Company, at our Company's registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the joint company secretaries, or our Company's Hong Kong Share Registrar for the attention of the privacy compliance officer.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **eWhite Form** service is also only a facility provided by the **eWhite 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 application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **eWhite Form** service will be allotted any Hong Kong 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. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should go to HKSCC's Client Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon, Tuesday, 5 July 2022.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application by giving **electronic application instructions** to HKSCC or through **eWhite 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.

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“**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).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

You must pay the maximum Offer Price, brokerage, SFC transaction levy, the FRC transaction levy and the Stock Exchange trading fee in full upon application for Shares.

You may submit an application through the **eWhite Form** Service Provider or the **CCASS EIPO** service in respect of a minimum of 500 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set forth in the table in the paragraph “—Minimum Application Amount and Permitted Numbers” in this section, or as otherwise specified on the designated website at www.ewhiteform.com.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy, the FRC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC and in the case of the FRC transaction levy, collected by the Stock Exchange on behalf of the FRC).

For further details on the Offer Price, see “Structure and Conditions of the Global Offering—Pricing and Allocation” in this prospectus.

10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open 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 Tuesday, 5 July 2022. 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 or Extreme Conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

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If the application lists do not open and close on Tuesday, 5 July 2022 or if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning signal or Extreme Conditions in force in Hong Kong that may affect the dates referred to in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications under the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Monday, 11 July 2022 on our website at ir.sinohealth.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 (where applicable) 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 our website at ir.sinohealth.cn and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Monday, 11 July 2022;
- from the designated results of allocations website at www.ewhiteform.com.hk/results with a “search by ID” function on a 24-hour basis from 9:00 a.m. on Monday, 11 July 2022 to 12:00 midnight on Friday, 15 July 2022; and
- by telephone enquiry line by calling +852 2153 1688 between 9:00 a.m. and 6:00 p.m. from Monday, 11 July 2022 to Friday, 15 July 2022 (excluding Hong Kong public holiday);

If our 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 Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. See “Structure and Conditions 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.

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12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By giving **electronic application instructions** to HKSCC or through the **eWhite Form** Service Provider, 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 Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our 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 (as applied by Section 342E 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 publication 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 our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Representative, our Hong Kong Share Registrar, the **eWhite 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 allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or

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- within a longer period of up to six weeks if the Listing Committee notifies our 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 Offer Shares and International Offer Shares;
- your **electronic application instructions** through the **eWhite Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Representative believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially available under the Hong Kong Public Offering.

13. 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\$6.96 per Offer Share (excluding brokerage, SFC transaction levy, FRC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with “Structure and Conditions of the Global Offering—Conditions of the Global Offering” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy, FRC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Monday, 11 July 2022.

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14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong 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 Monday, 11 July 2022. 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 Tuesday, 12 July 2022 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" 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.

Personal Collection

(i) If you apply through the eWhite Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from our Hong Kong Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 11 July 2022, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, 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 Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Monday, 11 July 2022 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-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.

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(ii) If you apply through CCASS EIPO service

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong 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 amount on Monday, 11 July 2022, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our 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 allotment of the Hong Kong Public Offering in the manner specified in "11. Publication of Results" above on Monday, 11 July 2022. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 11 July 2022 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 Offer Shares allotted 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 Offer Shares allotted 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 Monday, 11 July 2022. Immediately following the credit of the Hong Kong 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 Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the final Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy, FRC 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 Monday, 11 July 2022.

15. ADMISSION OF THE SHARES 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 date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement 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 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 prospectus.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SINOHEALTH HOLDINGS LIMITED AND BNP PARIBAS SECURITIES (ASIA) LIMITED

Introduction

We report on the historical financial information of Sinohealth Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-82, 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 2019, 2020 and 2021 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 December 2019, 2020 and 2021 and the statements of financial position of the Company as at 31 December 2019, 2020 and 2021 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-4 to I-82 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 June 2022 (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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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 as at 31 December 2019, 2020 and 2021, and the financial position of the Company as at 31 December 2019 and 2020 and 2021, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

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-3 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 the date of its incorporation.

Ernst & Young
Certified Public Accountants
Hong Kong
28 June 2022

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

	Notes	Year ended 31 December		
		2019	2020	2021
		RMB'000	RMB'000	RMB'000
REVENUE	5	177,750	202,073	324,166
Cost of sales		(71,654)	(71,867)	(131,527)
Gross profit		106,096	130,206	192,639
Other income and gains	5	15,662	19,026	29,537
Selling and distribution expenses ..		(10,691)	(14,833)	(24,786)
Administrative expenses		(12,780)	(16,585)	(44,163)
Research and development costs ..		(29,262)	(39,821)	(53,711)
Impairment losses on financial assets, net		(1,303)	(691)	(2,855)
Other expenses		(31)	(8)	(184)
Finance costs	7	(576)	(1,222)	(532)
Share of losses of Associates	16	—	—	(416)
PROFIT BEFORE TAX	6	67,115	76,072	95,529
Income tax expense	10	(12,736)	(10,743)	(23,551)
PROFIT FOR THE YEAR		<u>54,379</u>	<u>65,329</u>	<u>71,978</u>
Attributable to:				
Owners of the parent		56,089	67,926	78,813
Non-controlling interests		(1,710)	(2,597)	(6,835)
		<u>54,379</u>	<u>65,329</u>	<u>71,978</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>54,379</u>	<u>65,329</u>	<u>71,978</u>
Attributable to:				
Owners of the parent		56,089	67,926	78,813
Non-controlling interests		(1,710)	(2,597)	(6,835)
		<u>54,379</u>	<u>65,329</u>	<u>71,978</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
– Basic and diluted (RMB yuan)	12	<u>N/A</u>	<u>N/A</u>	<u>25.23</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2019	2020	2021
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	4,965	4,750	4,471
Advance payments for property, plant and equipment and other intangible assets		927	192	–
Other receivables	19	703	1,276	868
Right-of-use assets	14(a)	9,980	26,063	9,018
Other intangible assets	15	444	205	1,152
Investments in associates	16	–	–	184
Deferred tax assets	24	370	2,560	916
Total non-current assets		17,389	35,046	16,609
CURRENT ASSETS				
Inventories	17	599	573	680
Trade and notes receivables	18	19,536	28,712	81,866
Prepayments, other receivables and other assets	19	1,677	5,424	10,451
Financial assets at fair value through profit or loss	20	181,015	356,664	373,389
Due from a director	31(c)	–	10	–
Due from a related party	31(c)	–	–	73
Cash and cash equivalents	21	220,635	115,778	33,955
Total current assets		423,462	507,161	500,414
CURRENT LIABILITIES				
Trade payables	22	2,631	3,669	16,859
Other payables and accruals	23	27,961	38,399	67,586
Lease liabilities	14(b)	3,214	5,570	4,640
Due to a related party	31(c)	–	1,500	–
Due to a director	31(c)	47	47	–
Tax payable		3,743	6,097	7,053
Total current liabilities		37,596	55,282	96,138

	Notes	As at 31 December		
		2019	2020	2021
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NET CURRENT ASSETS		<u>385,866</u>	<u>451,879</u>	<u>404,276</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>403,255</u>	<u>486,925</u>	<u>420,885</u>
NON-CURRENT LIABILITIES				
Lease liabilities	14(b)	<u>7,329</u>	<u>22,300</u>	<u>4,974</u>
Total non-current liabilities		<u>7,329</u>	<u>22,300</u>	<u>4,974</u>
Net assets		<u>395,926</u>	<u>464,625</u>	<u>415,911</u>
EQUITY				
Equity attributable to owners of the parent				
Share capital	25	–	–	322
Reserves	26	<u>394,739</u>	<u>462,665</u>	<u>416,536</u>
		394,739	462,665	416,858
Non-controlling interests	27	<u>1,187</u>	<u>1,960</u>	<u>(947)</u>
Total equity		<u>395,926</u>	<u>464,625</u>	<u>415,911</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent				Total	Non-controlling interests	Total equity
	Share capital	Capital reserve*	Statutory surplus reserve*	Retained earnings*			
	RMB'000 (note 25)	RMB'000 (note 26)	RMB'000 (note 26)	RMB'000			
Year ended 31 December 2019							
At 1 January 2019	–	206,718	14,434	117,498	338,650	2,897	341,547
Profit and total comprehensive income for the year	–	–	–	56,089	56,089	(1,710)	54,379
Appropriation to statutory surplus reserve	–	–	5,724	(5,724)	–	–	–
At 31 December 2019	<u>–</u>	<u>206,718</u>	<u>20,158</u>	<u>167,863</u>	<u>394,739</u>	<u>1,187</u>	<u>395,926</u>
Year ended 31 December 2020							
At 1 January 2020	–	206,718	20,158	167,863	394,739	1,187	395,926
Profit and total comprehensive income for the year	–	–	–	67,926	67,926	(2,597)	65,329
Capital injection by non-controlling shareholders	–	–	–	–	–	3,370	3,370
Appropriation to statutory surplus reserve	–	–	667	(667)	–	–	–
At 31 December 2020	<u>–</u>	<u>206,718</u>	<u>20,825</u>	<u>235,122</u>	<u>462,665</u>	<u>1,960</u>	<u>464,625</u>

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium*	Capital reserve*	Statutory reserve*	Retained earnings*	Total		
	RMB'000 (note 25)	RMB'000 (note 26)	RMB'000 (note 26)	RMB'000 (note 26)	RMB'000	RMB'000		
Year ended 31 December 2021								
At 1 January 2021	–	–	206,718	20,825	235,122	462,665	1,960	464,625
Total comprehensive income for the year	–	–	–	–	78,813	78,813	(6,835)	71,978
Issue of shares of the Company	322	183,858	–	–	–	184,180	–	184,180
Deemed distribution to the then Shareholders**	–	–	(184,169)	(1,368)	–	(185,537)	–	(185,537)
Appropriation to statutory surplus reserve.	–	–	–	5,075	(5,075)	–	–	–
Dividends declared (note 11)	–	–	–	–	(120,086)	(120,086)	–	(120,086)
Acquisition of non-controlling interests	–	–	(3,177)	–	–	(3,177)	678	(2,499)
Capital injection by non-controlling shareholders	–	–	–	–	–	–	3,250	3,250
At 31 December 2021	<u>322</u>	<u>183,858</u>	<u>19,372</u>	<u>24,532</u>	<u>188,774</u>	<u>416,858</u>	<u>(947)</u>	<u>415,911</u>

* These reserve accounts comprise the consolidated reserves of RMB394,739,000, RMB462,665,000 and RMB416,536,000 in the consolidated statements of financial position as at 31 December 2019, 2020 and 2021, respectively.

** On 28 January 2021, a shareholders' meeting of Guangzhou Sinohealth Information Co., Ltd. ("Sinohealth Information") was convened and resolved to reduce the registered capital of Sinohealth Information from RMB40,000,000 to RMB21,492,000, resulting in cash of RMB185,537,000 paid to the then shareholders of Sinohealth Information, as part of the Reorganisation. The cash payment was treated as the deemed distribution to the then shareholders.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2019	2020	2021
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		67,115	76,072	95,529
Adjustments for:				
Finance costs	7	576	1,222	532
Bank interest income	5	(9,070)	(5,181)	(248)
Investment income from financial assets at fair value through profit or loss	5	(3,735)	(7,279)	(6,721)
Fair value gains on financial assets at fair value through profit or loss	5	(1,155)	(2,994)	(4,815)
Gain on disposal of a subsidiary	5	–	(50)	–
Depreciation of property, plant and equipment	13	1,601	1,934	2,083
Depreciation of right-of-use assets	14(a)	3,827	5,519	4,849
Amortisation of other intangible assets	15	414	430	420
Gains on lease modifications	14(c)	–	(7)	(1,107)
Covid-19-related rent concessions from lessors	14(b)	–	(723)	–
Impairment of trade receivables	18	1,303	691	2,510
Impairment of other receivables	19	–	–	345
Share of losses of associates	16	–	–	416
Foreign exchange gains, net	5	–	(1)	(36)
Loss on disposal of items of property, plant and equipment		16	8	74
		<u>60,892</u>	<u>69,641</u>	<u>93,831</u>

	Notes	Year ended 31 December		
		2019	2020	2021
		RMB'000	RMB'000	RMB'000
(Increase)/decrease in inventories		590	26	(107)
Increase in trade and notes receivables		(6,326)	(9,867)	(55,664)
Decrease/(increase) in prepayments, other receivables and other assets		(372)	(4,320)	1,624
Increase in due from a related party		–	–	(73)
Increase/(decrease) in trade payables		(75)	1,038	13,190
Increase in other payables and accruals		6,365	10,478	27,922
Cash generated from operations		61,074	66,996	80,723
Interest received		9,070	5,181	248
Income tax paid		(12,300)	(10,579)	(20,951)
Net cash flows from operating activities		57,844	61,598	60,020
CASH FLOWS USED IN INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment and related advance payments		(4,157)	(933)	(1,878)
Proceeds from disposal of items of property, plant and equipment		1	1	–
Additions to other intangible assets		(277)	(251)	(1,175)
Investment in associates		–	–	(600)
Acquisition of a subsidiary	29	–	–	(637)
Disposal of a subsidiary		–	–	10
Purchases of financial assets at fair value through profit or loss		(742,080)	(1,260,640)	(1,101,896)
Investment income received from financial assets at fair value through profit or loss		3,735	7,279	6,721
Disposal of financial assets at fair value through profit or loss		562,220	1,087,985	1,089,986
Net cash flows used in investing activities		(180,558)	(166,559)	(9,469)

	Notes	Year ended 31 December		
		2019	2020	2021
		RMB'000	RMB'000	RMB'000
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES				
Issue of shares of the Company . . .		–	–	184,180
Deemed distribution to the then shareholders		–	–	(185,537)
Dividend paid	11	–	–	(120,086)
Principal portion of lease payments		(3,524)	(3,545)	(4,992)
Capital injection by non-controlling shareholders		–	3,370	3,250
Interest paid for lease liabilities		(576)	(1,222)	(532)
Payment for listing expenses		–	–	(4,656)
Advance from a director		47	–	–
Advance from a related party		–	1,500	–
Repayment of advance from a related party		–	–	(1,500)
Repayment of advance from a director		–	–	(47)
Acquisition of non-controlling interests		–	–	(2,490)
Net cash flows (used in)/from financing activities		(4,053)	103	(132,410)
NET DECREASE IN CASH AND CASH EQUIVALENTS				
		(126,767)	(104,858)	(81,859)
Cash and cash equivalents at beginning of year		347,402	220,635	115,778
Effect of foreign exchange rate changes, net		–	1	36
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	220,635	115,778	33,955
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	21	220,635	115,778	33,955
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flow		220,635	115,778	33,955

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		
		2019	2020	2021
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Investment in a subsidiary		—	—	—
Total non-current assets		—	—	—
CURRENT ASSETS				
Due from subsidiaries	19	—	—	176,559
Cash and cash equivalents	21	—	—	5,048
Total current assets		—	—	181,607
NET CURRENT ASSETS		—	—	181,607
TOTAL ASSETS LESS CURRENT LIABILITIES		—	—	181,607
Net assets		—	—	181,607
EQUITY				
Share capital	25	—	—	322
Reserves	26	—	—	181,285
Total equity		—	—	181,607

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 4 March 2019. The registered address of the Company is at the office of Ogier Global (Cayman) Limited, of 89 Nexus Way, Grand Cayman, KY1-9009, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were principally engaged in the provision of Data Insight Solutions, Data-driven Publications and Events and SaaS products.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

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 principal subsidiaries 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	
Sky Range Investments Limited (天域投資有限公司) (note (a))	British Virgin ("BVI") Islands 3 January 2019	US\$1	100%	–	Investment holding
Sinohealth Technology Limited (中康健康科技有限公司) (note (a))	Hong Kong 15 March 2019	HK\$10,000	–	100%	Investment holding
Guangzhou Sinohealth Digital Technology Co.,Ltd (“Guangzhou Sinohealth Digital”) (廣州中康數字科技 有限公司)* (note (b))	People's Republic of China ("PRC")/ Mainland China 8 April 2019	RMB300,000,000	–	100%	Research and development and provision of Data Insight Solutions, Data-driven Publications and Events, and SaaS products

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	
Sinohealth Information (廣州中康資訊股份有限公司)* (note (c))	PRC/ Mainland China 20 December 2007	RMB21,492,000	–	100%	Research and development and provision of Data Insight Solutions, Data-driven Publications and Events, and SaaS products
Guangzhou Xinkang Information Technology Company Limited ("Xinkang Information") (廣州心康信息科技有限公司)* (note (d))	PRC/ Mainland China 14 November 2016	RMB10,000,000	–	94%	Operation of SaaS products
Guangzhou Sinohealth Lian Health Management Technology Company Limited* ("Sinohealth Lian") (廣州中康聯健康管理科技 有限公司) (note (d)&(e)).	PRC/ Mainland China 30 March 2017	RMB5,000,000	–	100%	Operation under the business line of Data Insight Solutions
Guangzhou Kangyang Network Technology Company Limited* (廣州康揚網絡科技有限公司) (note (d)&(e)).	PRC/ Mainland China 17 May 2017	RMB5,000,000	–	100%	Operation under the business line of Data Insight Solutions
Guangzhou Sinohealth Pushi Technology Development Company Limited* ("Sinohealth Pushi") (廣州中康普世科技發展有限 公司) (note (d)&(f))	PRC/ Mainland China 25 October 2017	RMB10,000,000	–	100%	Research and development

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	
Guangzhou Sinohealth Jianshu Intelligence Technology Company Limited* ("Sinohealth Jianshu") (廣州中康健數智能科技有限公司) (note (d)) . . .	PRC/ Mainland China 3 April 2018	RMB1,000,000	–	75%	Research and development and engaged in the operation of Smart Medical Cloud under the business line of SaaS products
Beijing Sinohealth Tong Digital Technology Company Limited* ("Sinohealth Tong") (北京中康通數字科技有限公司) (note (d))	PRC/ Mainland China 18 March 2020	RMB5,000,000	–	80%	Management of marketing and promotion services of innovative medicine
Guangzhou Xisi Digital Technology Company Limited* (廣州西思數字科技有限公司) (note (d))	PRC/ Mainland China 4 June 2019	RMB1,000,000	–	100%	Operation of of SaaS products
Guangzhou Kangzhi Digital Technology Company Limited* (廣州康智數字科技有限公司) (note (d))	PRC/ Mainland China 13 November 2020	RMB1,000,000	–	70%	Operation of SaaS products
Guangzhou Jisi Digital Technology Company Limited* (廣州吉思數字科技有限公司) (note (d))	PRC/ Mainland China 22 May 2019	RMB1,000,000	–	75%	Dormant
Guangzhou Xinyi Consulting Company Limited* (廣州新益諮詢有限公司) (note (d))	PRC/ Mainland China 15 April 2020	RMB1,000,000	–	100%	Investment holding
Guangzhou Jiasi Information Technology Company Limited* (廣州嘉思信息科技有限公司) (note (d)&(g)) . . .	PRC/ Mainland China 22 May 2019	RMB1,000,000	–	100%	Operation under the business line of SaaS products

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	
Hainan Sinohealth Technology Company Limited* (海南中康科技有限公司) (note (d))	PRC/ Mainland China 26 December 2019	RMB1,000,000	–	100%	Dormant
Beijing Sinohealth Junyi Digital Technology Company Limited* ("Sinohealth Junyi") (北京中康君毅數字科技有限 公司) (note (d)).	PRC/ Mainland China 23 April 2020	RMB3,000,000	–	70%	Operation under the business line of Data-driven Publications and Events, and SaaS products
Beijing Sinohealth Ruima Marketing Technology Company Limited* ("Sinohealth Ruima") (北京中康瑞馬營銷科技有限 公司) (note (d)).	PRC/ Mainland China 20 February 2021	RMB10,000,000	–	60%	Operation under the business line of Data Insight Solutions
Guangzhou Kangpu Corporate Consulting Company Limited* ("Guangzhou Kangpu") (廣州康普企業諮詢有限公司) (note (d)&(e)&(h)).	PRC/ Mainland China 10 March 2020	RMB3,000,000	–	100%	Dormant
Guangzhou Rilang Consulting Partnership Enterprise (LLP)* ("Guangzhou Rilang") (廣州日朗諮詢合夥企業(有限合夥)) (note (d)&(e)&(i))	PRC/ Mainland China 6 January 2020	RMB90,000	–	100%	Dormant
Guangzhou Xinshun Technology Company Limited ("Guangzhou Xinshun") (廣州心順科技有限公司) (note (d))	PRC/ Mainland China 22 October 2020	RMB1,000,000	–	65%	Under the business segments of Data Insight Solutions and SaaS

Notes:

- (a) No audited financial statements have been prepared for the entities since its date of incorporation as they are investment holding companies with no operation and are 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 Guangzhou Sinohealth Digital for the year ended 31 December 2019, 2020 and 2021 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Guangzhou Weiming Certified Public Accountants Co., Ltd. (廣州瑋銘會計師事務所有限公司) ("Guangzhou Weiming").
 - (c) The entity is a limited liability enterprise established under PRC law. The statutory financial statements of Sinohealth Information for the year ended 31 December 2019, 2020 and 2021 prepared under PRC GAAP were audited by Guangzhou Zhongqin Certified Public Accountants Co., Ltd. (廣州中勤會計師事務所有限公司), Guangzhou Weiming and Guangzhou Weiming, respectively.
 - (d) These entities are limited liability enterprises established under PRC law. No audited financial statements have been prepared for these entities since their dates of incorporation, as these enterprises were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.
 - (e) These entities were deregistered in August 2021.
 - (f) Sinohealth Information acquired 30% equity interests of the entity in March 2021 from the non-controlling shareholder at a consideration of RMB1,500,000 and this entity became a wholly owned subsidiary of Sinohealth Information since then, which was deregistered in December 2021.
 - (g) Sinohealth Information acquired the entire equity interests in Guangzhou Jiasi Information Technology Company Limited ("Guangzhou Jiasi") from Mr. Wu Yushu at a consideration of RMB1,000,000 on 29 April 2021. The transaction was accounted for as an asset acquisition (Note (29)).
 - (h) Sinohealth Information acquired 33% equity interests of Guangzhou Kangpu Corporate Consulting Company Limited in April 2021 from the non-controlling shareholder at a consideration of RMB990,000.
 - (i) Sinohealth Information acquired 10% equity interests of Guangzhou Rilang in June 2021 from the non-controlling shareholder at a consideration of RMB9,000.
- * 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.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus, the Company became the holding company of the companies now comprising the Group on 8 June 2021.

Sinohealth Information and its subsidiaries (the “Consolidated Affiliated Entities”) are engaged and will engage in the production of videos and provision of internet information services and internet data center services (including internet resources cooperation services) (together, the “Restricted Businesses”). Under the scope of the “Catalog of Industries for Encouraging Foreign Investment (2020 Version)” and the “Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021 Version)”, foreign investors are restricted or prohibited to invest in Restricted Businesses. A wholly-owned subsidiary of the Company, Guangzhou Sinohealth Digital (the “WFOE”), 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 the “VIE Shareholders”). The Contractual Arrangements enable WFOE to exercise effective control over the Consolidated Affiliated Entities and obtain substantially all economic benefits of the Consolidated Affiliated Entities. Accordingly, the Consolidated Affiliated Entities are controlled by the Company based on the Contractual Arrangements though the Company does not have any direct or indirect equity interest in the Consolidated Affiliated Entities. Details of the Contractual Arrangements are disclosed in the section headed “Contractual Arrangements” in the Prospectus.

As the Reorganisation only involved inserting new holding companies and entering into the Contractual Arrangements that has not resulted in any change of respective voting, economic substances and beneficial interests, for the purpose of this report, the Historical Financial Information for the Relevant Periods has been presented as a continuation of the existing company and its subsidiaries using the pooling of interests method as if the Reorganisation had been completed at the beginning of the Relevant Periods.

Accordingly, 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 the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date of incorporation of the subsidiaries, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2019, 2020 and 2021 have been prepared to present the assets and liabilities of the companies now comprising the Group using the existing book values. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

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 transactions and balances have been eliminated on consolidation in full.

2.2 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 2021 together with the relevant transitional provisions, have been consistently applied 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.

2.3 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	<i>Reference to the Conceptual Framework</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions Beyond 30 June 2021</i> ¹
HKFRS 17	<i>Insurance Contracts</i> ³
Amendments to HKFRS 17	<i>Insurance Contracts</i> ^{3, 6}
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> ^{3, 5}
Amendments to HKAS 1	<i>Disclosure of Accounting Policies</i> ³
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> ³
Amendments to HKAS 12	<i>Deferred tax related to assets and liabilities arising from a single transaction</i> ³
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> ²
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> ²
<i>Annual Improvements to HKFRSs 2018-2020</i>	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i> ²
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9—Comparative Information</i> ²

¹ Effective for annual periods beginning on or after 1 April 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ No mandatory effective date yet determined but available for adoption

⁵ 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

⁶ 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. The Group expects that the adoption of the new and revised HKFRSs will have no significant financial effect on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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 results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

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.

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. The results of subsidiaries are included in the Company's statement of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

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.

Subsidiaries arising from the Reorganisation

The VIE Shareholders, the Sinohealth Information, and WFOE have entered into the Contractual Arrangements which became effective on 8 June 2021. Each of the shareholders of the Sinohealth Information authorised and appointed WFOE, as his or her agent to act on his or her behalf to exercise or delegate the exercise of all his or her rights as equity holders of the Sinohealth Information. In particular, WFOE undertakes to provide the Sinohealth Information with certain technical services as required to support their operations. In return, WFOE is entitled to substantially all of the operating profits and residual benefits generated by the Sinohealth Information through intercompany charges levied on these services rendered. The VIE Shareholders are also required to transfer their equity interests in the Sinohealth Information to WFOE or the designee appointed by WFOE upon a request made by WFOE when permitted by PRC laws for a consideration. The equity interests in the Sinohealth Information have also been pledged by the VIE Shareholders to WFOE in respect of the continuing obligations of the Sinohealth Information. Accordingly, the Group has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power, and thus control over the Consolidated Affiliated Entities.

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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	23.8% – 31.7%
Office equipment and furniture	19.0%
Leasehold improvements	Over the shorter of the lease terms and 20%
Motor vehicles	19.0% – 23.8%

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.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Purchased computer software is stated at cost less impairment and is amortised on the straight-line basis over the estimated useful life of 2 to 5 years.

Research and development costs

All research costs are charged to 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 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 Group's ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

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 – 10 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 and leases of low-value assets

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). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets 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 the end of each of the Relevant Periods, 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 30 to 90 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.

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 loans and borrowings and payables 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, amounts due to a related party and due to a director.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, 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 statement 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.

Inventories

Inventories represent capitalised costs which are incurred to fulfil contracts with customers. They are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

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.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

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.

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

The Group entered into certain transactions with retail pharmacies to provide services in exchange for receiving data. The transactions may include cash consideration in addition to the non-cash consideration. The Group considers the specific facts and circumstances to account for such transactions. For the transactions that are within the scope of HKFRS 15, revenue is recognised when the promised services are transferred to the customer and the Group obtains control of the data. The non-cash consideration obtained from the customers is measured at fair value. If the fair value of the non-cash consideration cannot be estimated reliably, the Group measures the consideration indirectly by reference to the stand-alone selling price of the services transferred to the customer.

The Group derives revenue from the provision of Data Insight Solutions, Data-driven Publications and Events and SaaS products.

(a) Data Insight Solutions

Data Insight Solutions involve delivery of one-off and/or periodic customised reports, and if required, report interpretations of data analytics and problem-solving recommendations to medical product manufacturers, policy makers and regulators, industry experts and researchers as well as the provision of data-driven marketing solutions to customers.

Delivery of customised research reports

For delivery of customised research reports, the Group agrees the sales price for service with the customers upfront and bills to the customers based on the actual service rendered and completed. The contract usually contains multiple deliverable units (i.e. provision of monthly research reports, quarterly reports and annual reports within one contract) and each of them is sold at the standalone selling price specified within the contract. Each individual deliverable unit is regarded as a performance obligation. The

Group recognised revenue at the point of time when the individual research report is delivered and accepted by the customers.

Provision of data-driven marketing solutions

Data-driven Marketing Solutions mainly include provision of promotional activities services, advertising services and training services.

The contract with customers relating to data-driven marketing solutions consisted of multiple solutions, i.e. combination of provision of marketing strategies and proposals, organisation of training service, provision of advertising service and organisation of customised promotional activities. Each of the multiple solutions is sold at the standalone selling price specified in the contract. Each individual solution is regarded as a performance obligation.

Revenue from each individual data-driven marketing solution is recognised over time, because the customer simultaneously receives and consumes the benefits provided by the Group. The Group uses the output method to measure progress towards complete satisfaction of the service, based on units of delivery.

(b) Data-driven Publications and Events

The Group is engaged in the provision of Data-driven Publications and Events services which include organisation of conferences, exhibitions and networking events.

The contract with customers relating to Data-driven Publications and Events consisted of multiple promised services, i.e. organising and hosting Industry Events and related value-added services such as provision of forum discussions, exhibitions or provision of billboard in the conference. The Group determined that organising and hosting Industry Events conference and related value-added services represent one performance obligation, because these promises are mutually dependent and the customer is unable to derive significant benefits from its access to value-added services for the intended purpose without receipt of the promises of organizing and hosting Industry Events.

The revenue from Data-driven Publications and Events is recognised over the time of conference, on a straight-line basis, because the customer simultaneously receives and consumes the benefits provided by the Group.

(c) SaaS products

SaaS products involve granting right to access the Group's proprietary cloud-based software together with additional standardized reports on an ad hoc demand with singular or multiple user accounts, provision of right to use an application programming interface ("API") to generate a report and provision of application software development services.

Granting right to access the proprietary cloud-based software

Revenue from SaaS products is recognised over the granted user period on a straight-line basis, starting from the point when the user account is activated, i.e. the user is able to use and benefit from the services, and other revenue recognition criteria are met.

Provision of API use

Revenue is recognised at a point in time when the right to use an API is provided and the report is generated for customers.

Provision of application software development service

Revenue is recognised at a point in time when the application software together with relevant license is delivered and accepted by the customers.

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).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Other 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.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. 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.

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 and will engage in the production of videos and provision of internet information services and internet data center services (including internet resources cooperation services) (together, the "Restricted Businesses"). Under the scope of the "Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021 Version)", foreign investors are restricted or prohibited to invest in Restricted Businesses.

As disclosed in note 2.2 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.

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

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing period for groupings 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 customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 18 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.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses were RMB37,319,000, RMB40,138,000 and RMB54,654,000 as at 31 December 2019, 2020 and 2021, respectively. Further details are contained in note 24 to the Historical Financial Information.

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		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China*	177,093	201,292	323,205
France	–	–	38
Hong Kong	160	14	21
Germany	280	70	43
Singapore	217	223	577
England	–	324	263
Switzerland	–	150	–
Korea	–	–	19
	<u>177,750</u>	<u>202,073</u>	<u>324,166</u>

* 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

No revenue from a major customer which accounted for 10% or more of the Group's revenue during the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers .	<u>177,750</u>	<u>202,073</u>	<u>324,166</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Types of services			
Data Insight Solutions	92,800	98,418	161,367
Data-driven Publications and Events	80,506	96,678	134,613
SaaS products	4,444	6,977	28,186
	<u>177,750</u>	<u>202,073</u>	<u>324,166</u>
Geographical markets			
Mainland China	177,093	201,292	323,205
Overseas	657	781	961
	<u>177,750</u>	<u>202,073</u>	<u>324,166</u>
Timing of revenue recognition			
Services transferred at a point in time	50,550	66,815	116,538
Services transferred over time	127,200	135,258	207,628
	<u>177,750</u>	<u>202,073</u>	<u>324,166</u>

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		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Revenue recognised that was included in contract liabilities at the beginning of the year:</i>			
Data Insight Solutions	6,444	6,086	8,120
Data-driven Publications and Events	492	1,309	270
SaaS products	662	806	4,170
	<u>7,598</u>	<u>8,201</u>	<u>12,560</u>

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Data Insight Solutions

The performance obligation for delivery of customised research reports is generally satisfied at the point of time when the individual research report is delivered and accepted by the customers and payment is generally due within 120 days from the date of billing. The performance obligation for provision of individual marketing solution is satisfied over time as services are rendered and payment in advance is normally required.

Data-driven Publications and Events

The performance obligation is satisfied over time as services are rendered, where payment in advance is normally required. The services related to Data-driven Publications and Events are generally completed within one week.

SaaS products

The performance obligation for granting right to access the proprietary cloud-based software is satisfied over time as services are rendered, where payment in advance is normally required. The performance obligation for API use is satisfied at the point of time when the right to use is granted and payment is generally due immediately. The performance obligation for application software development is satisfied at the point of time when the application software together with relevant license is accepted by the customers, and payment is generally due when the service was completed.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019, 2020 and 2021 are as follows:

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts expected to be recognised as revenue:			
Within one year	19,854	43,408	49,442
After one year	3,997	590	3,018
	<u>23,851</u>	<u>43,998</u>	<u>52,460</u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year mainly relate to Data Insight Solutions services, of which the performance obligations are to be satisfied within two 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		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
<u>Other income</u>			
Bank interest income	9,070	5,181	248
Government grants*	1,664	3,422	16,354
Investment income from financial assets at fair value through profit or loss	3,735	7,279	6,721
Others	38	92	256
	<u>14,507</u>	<u>15,974</u>	<u>23,579</u>
<u>Gains</u>			
Fair value gains on financial assets at fair value through profit or loss	1,155	2,994	4,815
Gain on disposal of a subsidiary (note 31)	–	50	–
Gains on lease modifications	–	7	1,107
Foreign exchange gain, net	–	1	36
	<u>1,155</u>	<u>3,052</u>	<u>5,958</u>
	<u>15,662</u>	<u>19,026</u>	<u>29,537</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.

6. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December		
		2019	2020	2021
		RMB'000	RMB'000	RMB'000
Cost of services provided		71,654	71,867	131,527
Depreciation of property, plant and equipment	13	1,601	1,934	2,083
Depreciation of right-of-use assets	14(a)	3,827	5,519	4,849
Amortisation of other intangible assets*	15	414	430	420
Research and development costs		29,262	39,821	53,711
Listing expenses		–	–	20,648
Lease payments not included in the measurement of lease liabilities	14(c)	161	349	364
Covid-19-related rent concessions from lessors	14(b)	–	(723)	–
Bank interest income	5	(9,070)	(5,181)	(248)
Government grants	5	(1,664)	(3,422)	(16,354)
Investment income from financial assets at fair value through profit or loss	5	(3,735)	(7,279)	(6,721)
Gain on disposal of a subsidiary	5	–	(50)	–
Fair value gains on financial assets at fair value through profit or loss	5	(1,155)	(2,994)	(4,815)
Gains on lease modifications	5	–	(7)	(1,107)
Foreign exchange gain, net		–	(1)	(36)
Loss on disposal of items of property, plant and equipment		16	8	74
Auditor's remuneration		–	25	55
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):				
Wages and salaries		58,996	82,477	118,924
Pension scheme contributions**		3,472	201	8,361
Staff welfare expenses		378	475	625
		<u>62,846</u>	<u>83,153</u>	<u>127,910</u>
Impairment of trade receivables, net	18	1,303	691	2,510
Impairment of other receivables, net	19	–	–	345
		<u>1,303</u>	<u>691</u>	<u>345</u>

* The amortisation of other intangible assets is included in "Administrative expenses" in the consolidated statements of profit or loss and other comprehensive income.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities (note 14(b)) . .	576	1,222	532

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Mr. Wu Yushu was appointed as a director of the Company on 4 March 2019 and was re-designated as an executive director of the Company on 3 June 2021. Ms. Wang Lifang was appointed as an executive director of the Company on 3 June 2021. Mr. Fu Haitao was appointed as non-executive director of the Company on 3 June 2021. Mr. Wei Bin, Ms. Wang Danzhou and Ms. Du Yilin were appointed as independent non-executive directors of the Company on 27 April 2022.

Certain of the directors received remuneration from a subsidiary now comprising the Group as directors of this subsidiary. The remuneration of each of these directors as recorded in the financial information of the subsidiary is set out below:

	Year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	1,148	1,306	1,268
Performance related bonuses	168	276	91
Pension scheme contributions	17	2	17
	<u>1,333</u>	<u>1,584</u>	<u>1,376</u>

(a) Independent non-executive directors

No independent non-executive director was appointed and there were no fees and other emoluments payable to the independent non-executive director during the Relevant Periods.

(b) Executive directors, a non-executive director and the chief executive

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity- settled share award expense	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2019						
Executive directors:						
Mr. Wu Yushu*	–	592	84	9	–	685
Ms. Wang Lifang	–	556	84	8	–	648
	<u>–</u>	<u>1,148</u>	<u>168</u>	<u>17</u>	<u>–</u>	<u>1,333</u>
Non-executive director:						
Mr. Fu Haitao	–	–	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>1,148</u>	<u>168</u>	<u>17</u>	<u>–</u>	<u>1,333</u>
Year ended 31 December 2020						
Executive directors:						
Mr. Wu Yushu*	–	671	138	1	–	810
Ms. Wang Lifang	–	635	138	1	–	774
	<u>–</u>	<u>1,306</u>	<u>276</u>	<u>2</u>	<u>–</u>	<u>1,584</u>
Non-executive director:						
Mr. Fu Haitao	–	–	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>1,306</u>	<u>276</u>	<u>2</u>	<u>–</u>	<u>1,584</u>
Year ended 31 December 2021						
Executive directors:						
Mr. Wu Yushu*	–	652	47	9	–	708
Ms. Wang Lifang	–	616	44	8	–	668
	<u>–</u>	<u>1,268</u>	<u>91</u>	<u>17</u>	<u>–</u>	<u>1,376</u>
Non-executive director:						
Mr. Fu Haitao	–	–	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>1,268</u>	<u>91</u>	<u>17</u>	<u>–</u>	<u>1,376</u>

* Mr. Wu Yushu was appointed as the chief executive of the Company.

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 one, two and nil directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the Relevant Periods of the remaining four, three and five highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, bonuses, allowances and benefits in kind	2,167	2,237	3,640
Performance related bonus	589	447	714
Pension scheme contributions	23	1	86
	<u>2,779</u>	<u>2,685</u>	<u>4,440</u>

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		
	2019	2020	2021
Nil to HK\$1,000,000	4	2	3
HK\$1,000,001 to HK\$1,500,000	–	1	1
HK\$1,500,001 to HK\$2,000,000	–	–	1
	<u>4</u>	<u>3</u>	<u>5</u>

10. INCOME TAX

The income tax expense of the Group is analysed as follows:

	Year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current – Mainland China			
Charge for the year	12,906	12,933	21,907
Deferred tax (note 24)	(170)	(2,190)	1,644
	<u>12,736</u>	<u>10,743</u>	<u>23,551</u>
Total tax charge for the year	<u>12,736</u>	<u>10,743</u>	<u>23,551</u>

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 and the BVI, the Company and its subsidiary are not subject to any income tax in the Cayman Islands and the BVI.

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.

Sinohealth Information was accredited as a high and new technology enterprise (“HNTE”) in 2016 and 2019, and the certifications were valid for three years. For the Relevant Periods, Sinohealth Information was entitled to a preferential PRC Corporate Income tax rate of 15%. Sinohealth Information needs to renew the HNTE certificate every three years so as to enjoy the reduced tax rate of 15%.

Certain of the subsidiaries, which operate in Mainland China, are identified as Small and Micro Enterprises and were entitled to a preferential tax rate of 2.5%, 5% or 10% during the Relevant Periods.

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		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	67,115	76,072	95,529
Tax at the statutory tax rate of 25% in Mainland China	16,779	19,018	23,882
Preferential tax rates enacted by local authority	(8,111)	(8,788)	(1,718)
Additional deductible allowance for research and development costs	(1,686)	(1,849)	(4,181)
Expenses not deductible for tax*	669	154	5,097
Tax losses utilised from previous periods	–	(49)	(90)
Losses attributable to associates	–	–	10
Tax losses not recognised	5,085	2,257	551
Tax charge at the Group's effective tax rate	12,736	10,743	23,551
Effective tax rate	19.0%	14.1%	24.7%

* Expenses not deductible for tax mainly consisted of listing expense, excess of entertainment expenses over tax deduction limit and provision for social insurance and housing fund which are non-deductible for tax purposes.

11. DIVIDENDS

No dividend has been declared and paid by the Company in respect of the Relevant Periods.

On 27 January 2021, Sinohealth Information declared and approved a dividend of RMB120,086,000 to its then shareholders.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful due to the Reorganisation and the basis of presentation of the Group for the years ended 31 December 2019 and 2020 as disclosed in note 2.1 to the Historical Financial Information.

During the year ended 31 December 2021, the calculation of the basic earnings per share amounts is based on the earnings attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2021.

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

<u>Earnings</u>	<u>Year ended 31 December 2021</u>
	<i>RMB'000</i>
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>78,813</u>
	<u>Year ended 31 December 2021</u>
<u>Shares</u>	
Weighted average number of ordinary shares in issue used in the basic and diluted earnings per share calculation	<u>3,123,325</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Electronic equipment	Office equipment and furniture	Leasehold improvements	Motor vehicles	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2019					
At 1 January 2019:					
Cost	3,876	400	775	100	5,151
Accumulated depreciation	(1,554)	(68)	(213)	(95)	(1,930)
Net carrying amount	<u>2,322</u>	<u>332</u>	<u>562</u>	<u>5</u>	<u>3,221</u>
At 1 January 2019, net of					
accumulated depreciation	2,322	332	562	5	3,221
Additions	3,131	3	228	–	3,362
Disposals	(17)	–	–	–	(17)
Depreciation provided during the year (note 6)	(1,241)	(76)	(284)	–	(1,601)
At 31 December 2019, net of accumulated depreciation	<u>4,195</u>	<u>259</u>	<u>506</u>	<u>5</u>	<u>4,965</u>
At 31 December 2019:					
Cost	6,683	403	1,003	100	8,189
Accumulated depreciation	(2,488)	(144)	(497)	(95)	(3,224)
Net carrying amount	<u>4,195</u>	<u>259</u>	<u>506</u>	<u>5</u>	<u>4,965</u>

	Electronic equipment	Office equipment and furniture	Leasehold improvements	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2020					
At 1 January 2020:					
Cost	6,683	403	1,003	100	8,189
Accumulated depreciation	(2,488)	(144)	(497)	(95)	(3,224)
Net carrying amount	<u>4,195</u>	<u>259</u>	<u>506</u>	<u>5</u>	<u>4,965</u>
At 1 January 2020, net of					
accumulated depreciation	4,195	259	506	5	4,965
Additions	448	–	488	792	1,728
Disposals	(4)	–	–	(5)	(9)
Depreciation provided during the year (note 6)	<u>(1,502)</u>	<u>(74)</u>	<u>(245)</u>	<u>(113)</u>	<u>(1,934)</u>
At 31 December 2020, net of accumulated depreciation	<u>3,137</u>	<u>185</u>	<u>749</u>	<u>679</u>	<u>4,750</u>
At 31 December 2020:					
Cost	7,039	403	1,491	792	9,725
Accumulated depreciation	(3,902)	(218)	(742)	(113)	(4,975)
Net carrying amount	<u>3,137</u>	<u>185</u>	<u>749</u>	<u>679</u>	<u>4,750</u>

	Electronic equipment	Office equipment and furniture	Leasehold improvements	Motor vehicles	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2021					
At 1 January 2021:					
Cost	7,039	403	1,491	792	9,725
Accumulated depreciation	(3,902)	(218)	(742)	(113)	(4,975)
Net carrying amount	<u>3,137</u>	<u>185</u>	<u>749</u>	<u>679</u>	<u>4,750</u>
At 1 January 2021, net of					
accumulated depreciation	3,137	185	749	679	4,750
Additions	1,577	15	286	–	1,878
Disposals	(58)	(16)	–	–	(74)
Depreciation provided during the year (note 6)	(1,590)	(76)	(308)	(109)	(2,083)
At 31 December 2021, net of accumulated depreciation	<u>3,066</u>	<u>108</u>	<u>727</u>	<u>570</u>	<u>4,471</u>
At 31 December 2021:					
Cost	8,138	338	1,777	792	11,045
Accumulated depreciation	(5,072)	(230)	(1,050)	(222)	(6,574)
Net carrying amount	<u>3,066</u>	<u>108</u>	<u>727</u>	<u>570</u>	<u>4,471</u>

14. LEASES

The Group as a lessee

The Group has lease contracts for office premises and other equipment used in its operations. Leases of office premises generally have lease terms between 2 and 10 years. Other equipment is generally of low value individually. 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:

	<u>Office premises</u>
	<i>RMB'000</i>
As at 1 January 2019	13,807
Depreciation charge (note 6)	<u>(3,827)</u>
As at 31 December 2019 and at 1 January 2020	9,980
Additions	22,435
Lease modifications	(833)
Depreciation charge (note 6)	<u>(5,519)</u>
As at 31 December 2020 and at 1 January 2021	26,063
Acquisition of a subsidiary (note 29)	766
Additions	3,406
Lease modifications	(16,368)
Depreciation charge (note 6)	<u>(4,849)</u>
As at 31 December 2021	<u><u>9,018</u></u>

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	<u>Year ended 31 December</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at beginning of year	14,067	10,543	27,870
Additions as a result of acquisition of a subsidiary (note 29)	–	–	805
New leases	–	22,435	3,406
Accretion of interest recognised during the year (note 7)	576	1,222	532
Covid-19-related rent concessions from lessors	–	(723)	–
Reduction as a result of lease modifications	–	(840)	(17,475)
Payments	<u>(4,100)</u>	<u>(4,767)</u>	<u>(5,524)</u>
Carrying amount at end of year	<u><u>10,543</u></u>	<u><u>27,870</u></u>	<u><u>9,614</u></u>
Analysed into:			
Current portion	3,214	5,570	4,640
Non-current portion	<u><u>7,329</u></u>	<u><u>22,300</u></u>	<u><u>4,974</u></u>

The maturity analysis of lease liabilities is disclosed in note 34 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities	576	1,222	532
Depreciation charge of right-of-use assets	3,827	5,519	4,849
Gains on lease modifications	–	(7)	(1,107)
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December (included in administrative expenses)	14	259	148
Expense relating to leases of low-value assets (included in administrative expenses)	147	90	216
Covid-19-related rent concessions from lessors	–	(723)	–
Total amount recognised in profit or loss .	<u>4,564</u>	<u>6,360</u>	<u>4,638</u>

(d) The total cash outflow for leases is disclosed in note 28(c) to the Historical Financial Information.

15. OTHER INTANGIBLE ASSETS

	Software
	<i>RMB'000</i>
31 December 2019	
Cost at 1 January 2019, net of accumulated amortisation	713
Addition	145
Amortisation provided during the year (note 6)	<u>(414)</u>
At 31 December 2019	<u>444</u>
At 31 December 2019:	
Cost	2,149
Accumulated amortisation	<u>(1,705)</u>
Net carrying amount	<u>444</u>

	Software
	<i>RMB'000</i>
31 December 2020	
Cost at 1 January 2020, net of accumulated amortisation	444
Addition	191
Amortisation provided during the year (note 6)	<u>(430)</u>
At 31 December 2020	<u><u>205</u></u>
At 31 December 2020:	
Cost	2,340
Accumulated amortisation	<u>(2,135)</u>
Net carrying amount	<u><u>205</u></u>
31 December 2021	
Cost at 1 January 2021, net of accumulated amortisation	205
Addition	1,376
Disposal	(9)
Amortisation provided during the year (note 6)	<u>(420)</u>
At 31 December 2021	<u><u>1,152</u></u>
At 31 December 2021:	
Cost	3,707
Accumulated amortisation	<u>(2,555)</u>
Net carrying amount	<u><u>1,152</u></u>

16. INVESTMENT IN ASSOCIATES

	As at 31 December		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	<u>–</u>	<u>–</u>	<u>184</u>

Particulars of the associates are as follows:

Company	Place of incorporation	Paid-up capital	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Jiangxi Yaoshunshun Medicine Company Limited ("Jiangxi Yaoshunshun") (江西藥順順藥業有限公司)*	Mainland China	RMB200,000	49%	49%	100%	Dormant
Lanyu Health Technology (Guangzhou) Company Limited (藍域健康科技(廣州)有限公司)	Mainland China	RMB1,000,000	40%	40%	40%	Dormant

* The profit sharing is based on the proportion of paid in capital contribution by shareholders.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	Year ended 31 December		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Share of the associates' loss and total comprehensive loss for the year	—	—	416
	As at 31 December		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Aggregate carrying amount of the Group's investments in the associates	—	—	184

17. INVENTORIES

	As at 31 December		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Contract fulfilment costs	599	573	680

The above costs incurred to fulfill contracts relates to provision of Data Insight Solutions and are amortised to costs of sales when the related services are transferred to customers. The amount of amortisation recognised during the years ended 31 December 2019, 2020 and 2021 were RMB1,189,000, RMB599,000 and RMB573,000, respectively.

18. TRADE AND NOTES RECEIVABLES

	As at 31 December		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Trade receivables	20,051	29,547	78,712
Notes receivable	2,064	2,435	7,695
Impairment	(2,579)	(3,270)	(4,541)
	<u>19,536</u>	<u>28,712</u>	<u>81,866</u>

The Group's trading terms with its customers are mainly on credit. The credit terms granted generally ranged from 7 days to 120 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 transaction dates and net of loss allowance, is as follows:

	As at 31 December		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Within 6 months	15,694	25,040	71,273
6 to 12 months	800	688	2,513
1 to 2 years	201	228	383
2 to 3 years	726	15	2
Over 3 years	51	306	–
	<u>17,472</u>	<u>26,277</u>	<u>74,171</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
At beginning of year	1,276	2,579	3,270
Impairment losses, net (note 6)	1,303	691	2,510
Amount written off as uncollectible	–	–	(1,239)
At end of year	<u>2,579</u>	<u>3,270</u>	<u>4,541</u>

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 the days 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 2019

	<u>Gross carrying amount</u>	<u>Expected credit loss rate</u>	<u>Expected credit loss</u>
	<i>RMB'000</i>		<i>RMB'000</i>
Defaulted receivables.	500	100.0%	500
Other trade receivables aged:			
Current	12,286	0.2%	28
Past due:			
Within 1 year	4,397	3.7%	162
Between 1 and 2 years	1,550	40.8%	633
Between 2 and 3 years	178	65.2%	116
Over 3 years	1,140	100.0%	1,140
	<u>20,051</u>	<u>12.9%</u>	<u>2,579</u>

As at 31 December 2020

	<u>Gross carrying amount</u>	<u>Expected credit loss rate</u>	<u>Expected credit loss</u>
	<i>RMB'000</i>		<i>RMB'000</i>
Defaulted receivables.	500	100.0%	500
Other trade receivables aged:			
Current	21,230	0.3%	55
Past due:			
Within 1 year	4,970	6.1%	301
Between 1 and 2 years	291	60.1%	175
Between 2 and 3 years	1,284	75.3%	967
Over 3 years	1,272	100.0%	1,272
	<u>29,547</u>	<u>11.1%</u>	<u>3,270</u>

As at 31 December 2021

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	<i>RMB'000</i>		<i>RMB'000</i>
Current	49,193	1.1%	553
Past due:			
Within 1 year	27,357	7.8%	2,144
Between 1 and 2 years	831	62.3%	518
Between 2 and 3 years	38	86.8%	33
Over 3 years	1,293	100.0%	1,293
	<u>78,712</u>	<u>5.8%</u>	<u>4,541</u>

The Group's notes receivable are all aged within one year and were neither past due nor impaired.

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	583	4,296	2,719
Deferred listing expenses	–	–	5,912
Prepaid expenses	311	174	857
Other receivables	1,396	2,204	2,156
Other current assets	90	26	–
	<u>2,380</u>	<u>6,700</u>	<u>11,644</u>
Impairment	–	–	(325)
	<u>2,380</u>	<u>6,700</u>	<u>11,319</u>
Current	1,677	5,424	10,451
Non-current	703	1,276	868
	<u>1,677</u>	<u>5,424</u>	<u>10,451</u>
	<u>703</u>	<u>1,276</u>	<u>868</u>
Company			
Due from subsidiaries	–	–	176,559
	<u>–</u>	<u>–</u>	<u>176,559</u>

An impairment analysis is performed at the end of each of the Relevant Periods. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under HKFRS 9. The Group considers the historical loss rate and adjusts for forward looking macroeconomic data in calculating the expected credit loss rate.

As at 31 December 2019, 2020 and 2021, the Group estimated the expected losses for other receivable to be nil, nil and RMB325,000, respectively.

The above amounts due from subsidiaries were non-trade in nature, unsecured, interest-free and repayable on demand.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted investments, at fair value	181,015	356,664	373,389

The unlisted investments represented certain financial products issued by commercial banks in Mainland China. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

21. CASH AND CASH EQUIVALENTS

Group

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	220,635	115,778	33,955
Denominated in:			
RMB	220,590	115,734	28,618
US\$	–	–	5,239
HK\$	45	44	98
	<u>220,635</u>	<u>115,778</u>	<u>33,955</u>

Company

Cash and bank balances	–	–	5,048
Denominated in:			
US\$	–	–	5,048

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.

22. TRADE PAYABLES

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	2,631	3,669	16,859

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		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	2,488	2,885	16,422
4 to 6 months	114	212	67
7 to 12 months	29	360	250
Over 1 year	–	212	120
	<u>2,631</u>	<u>3,669</u>	<u>16,859</u>

The trade payables are non-interest-bearing and are normally settled within 90 days.

23. OTHER PAYABLES AND ACCRUALS

	Notes	As at 31 December		
		2019	2020	2021
		RMB'000	RMB'000	RMB'000
Payroll payables		17,521	21,947	33,961
Contract liabilities	(a)	9,071	12,672	22,913
Accrued listing expense		–	–	5,024
Tax payables other than income tax		847	2,595	4,512
Other payables	(b)	522	1,185	1,176
		<u>27,961</u>	<u>38,399</u>	<u>67,586</u>

(a) Details of contract liabilities are as follows:

	As at 31 December		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Types of services			
Data Insight Solutions	6,678	8,199	10,631
Data-driven Publications and Events	1,460	284	2,757
SaaS products	933	4,189	9,525
	<u>9,071</u>	<u>12,672</u>	<u>22,913</u>

Contract liabilities include short-term advances received before the services are rendered. 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.

24. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Impairment of trade receivables	Impairment of other receivables	Lease liabilities	Loss available for offsetting against future taxable profits	Total deferred tax assets
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2019	181	–	1,393	–	1,574
Deferred tax credited/(charged) to profit or loss during the year (note 10)	<u>131</u>	<u>–</u>	<u>(316)</u>	<u>–</u>	<u>(185)</u>
At 31 December 2019 and at 1 January 2020	312	–	1,077	–	1,389
Deferred tax credited/(charged) to profit or loss during the year (note 10)	<u>38</u>	<u>–</u>	<u>(299)</u>	<u>2,146</u>	<u>1,885</u>
At 31 December 2020 and at 1 January 2021	350	–	778	2,146	3,274
Deferred tax credited/(charged) to profit or loss during the year (note 10)	<u>474</u>	<u>49</u>	<u>170</u>	<u>(2,146)</u>	<u>(1,453)</u>
Gross deferred tax assets at 31 December 2021	<u><u>824</u></u>	<u><u>49</u></u>	<u><u>948</u></u>	<u><u>–</u></u>	<u><u>1,821</u></u>

Deferred tax liabilities

	Right-of-use assets	Total deferred tax liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2019	1,374	1,374
Deferred tax credited to profit or loss during the year (note 10)	<u>(355)</u>	<u>(355)</u>
At 31 December 2019 and at 1 January 2020.	<u>1,019</u>	<u>1,019</u>
Deferred tax charged to profit or loss during the year (note 10)	<u>(305)</u>	<u>(305)</u>
At 31 December 2020 and at 1 January 2021	<u>714</u>	<u>714</u>
Deferred tax charged to profit or loss during the year (note 10).	<u>191</u>	<u>191</u>
Gross deferred tax liabilities at 31 December 2021 . . .	<u>905</u>	<u>905</u>

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		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statements of financial position	<u>370</u>	<u>2,560</u>	<u>916</u>

Deferred tax assets have not been recognised in respect of the following item:

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tax losses	<u>37,319</u>	<u>40,138</u>	<u>54,654</u>

The above tax losses arising in Mainland China 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 RMB167,865,000, RMB235,124,000 and RMB189,905,000 at 31 December 2019, 2020 and 2021, respectively.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

25. SHARE CAPITAL

Group and Company

	As at 31 December		
	2019	2020	2021
Authorised:			
5,000,000 ordinary shares of US\$0.01 each			
US\$'000	50	50	50
RMB'000	335	335	335
Issued and fully paid:			
5,000,000 ordinary shares of US\$0.01 each			
US\$'000	–	–	50
RMB'000	–	–	322

The Company was incorporated on 4 March 2019 with authorised share capital of US\$50,000 divided into 50,000 shares with par value of US\$1.00 each. Upon its incorporation, one share was allotted and issued to the initial subscriber, which was transferred to Wellmark Link Limited on the same day.

On 18 May 2021, the Company resolved to subdivide each of its existing issued and unissued shares with a par value of US\$1.00 each in its share capital into 100 ordinary shares with a par value of US\$0.01 each, and all the subdivided shares be ranked pari passu in all respects with each other, such that thereafter, the authorized share capital of the Company becomes US\$50,000 divided into 5,000,000 shares with a par value of US\$0.01 each. On 18 May 2021, the Company allotted and issued an aggregate of 2,686,400 shares for cash of RMB174,000 to Wellmark Link Limited and WLF Investment Holdings Limited at par value and allotted and issued an aggregate of 2,313,500 shares for cash to Rikan Industry Investment Limited Partnership, Montesy Capital Holding Ltd, Tianyi (BVI) Limited, Jiequan Zhongwei Tengyun Limited and Hansson Holdings Limited at a consideration of RMB184,006,000. The consideration was credited to share capital amounted to RMB322,000 and share premium amounted to RMB183,858,000, respectively.

A summary of movements in the Company's share capital is as follows:

	<u>Number of shares in issue</u>	<u>Share capital</u> <i>US\$'000</i>	<u>Share capital</u> <i>RMB'000</i>
At 4 March 2019 (date of incorporation)			
Issue of shares	1	–	–
At 31 December 2019 and 1 January 2020 and 31 December 2020	1	–	–
Share subdivision	100	–	–
Issue of shares	4,999,900	50	322
At 31 December 2021	<u>5,000,000</u>	<u>50</u>	<u>322</u>

26. 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.

Capital reserve

The capital reserve of the Group represents the paid-up capital, share premium and capital reserve of the companies comprising the Group prior to the incorporation of the Company, the reserve arising from the reorganisation and acquisition of non-controlling interests. Details of the movements in the capital reserve are set out in the consolidated statements of changes in equity.

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.

Company

A summary of the company reserves is as follows:

	<u>Share premium</u>	<u>Accumulated losses</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021	–	–	–
Total comprehensive loss for the year . . .	–	(2,573)	(2,573)
Issue of shares	183,858	–	183,858
	<u>183,858</u>	<u>–</u>	<u>183,858</u>
At 31 December 2021	<u>183,858</u>	<u>(2,573)</u>	<u>181,285</u>

27. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	As at 31 December		
	2019	2020	2021
Percentage of equity interest held by non-controlling interests:			
Xinkang Information	6%	6%	6%
Sinohealth Pushi	30%	30%	–
Sinohealth Tong	N/A	20%	20%
Sinohealth Ruima	N/A	N/A	40%
Sinohealth Jianshu	25%	25%	25%
Guangzhou Xinshun	N/A	35%	35%
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) for the year allocated to non-controlling interests:			
Xinkang Information	(16)	–	124
Sinohealth Pushi	(1,619)	(1,190)	(1,005)
Sinohealth Tong	–	(25)	262
Sinohealth Ruima	–	–	887
Sinohealth Jianshu	(72)	–	(2,687)
Guangzhou Xinshun	–	(276)	(2,525)
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accumulated balances of non-controlling interests at the reporting date:			
Xinkang Information	–	–	124
Sinohealth Pushi	1,190	–	–
Sinohealth Tong	–	575	837
Sinohealth Ruima	–	–	887
Sinohealth Jianshu	–	–	(2,687)
Guangzhou Xinshun	–	1,225	700
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	230	15,137	35,271
Other income and gains	18	85	111
Total expenses	(12,947)	(20,030)	(44,256)
Loss for the year	(12,699)	(4,808)	(8,874)
Total comprehensive loss for the year . . .	<u>(12,699)</u>	<u>(4,808)</u>	<u>(8,874)</u>
	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	5,773	16,209	19,685
Non-current assets	2,067	6,871	6,893
Current liabilities	(10,843)	(22,725)	(24,584)
Non-current liabilities	<u>(1,147)</u>	<u>(3,606)</u>	<u>(3,091)</u>
	Year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows used in operating activities	(6,100)	(4,265)	(9,503)
Net cash flows from/(used in) investing activities	(174)	(4,468)	781
Net cash flows from/(used in) financing activities	<u>(1,250)</u>	<u>8,557</u>	<u>11,531</u>
Net increase/(decrease) in cash and cash equivalents	<u>(7,524)</u>	<u>(176)</u>	<u>2,809</u>

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transaction

For the years ended 31 December 2020 and 2021, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB22,435,000 and RMB3,406,000, respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

	Due to a related party	Due to a director	Lease liabilities
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2019	–	–	14,067
Changes from financing cash flows	–	47	(4,100)
Interest expense	–	–	576
	<hr/>	<hr/>	<hr/>
At 31 December 2019 and 1 January 2020	–	47	10,543
New leases	–	–	22,435
Changes from financing cash flows	1,500	–	(4,767)
Covid-19-related rent concession from lessors	–	–	(723)
Reduction as a result of lease modifications	–	–	(840)
Interest expense	–	–	1,222
	<hr/>	<hr/>	<hr/>
At 31 December 2020 and 1 January 2021	1,500	47	27,870
Addition as a result of acquisition of a subsidiary	–	–	805
New leases	–	–	3,406
Changes from financing cash flows	(1,500)	(47)	(5,524)
Reduction as a result of lease modifications	–	–	(17,475)
Interest expense	–	–	532
	<hr/>	<hr/>	<hr/>
At 31 December 2021	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(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		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within operating activities	161	349	364
Within financing activities	4,100	4,767	5,524
	<hr/>	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

29. ACQUISITION OF A SUBSIDIARY

Pursuant to an equity transfer agreement dated 29 April 2021, Sinohealth Information acquired the entire equity interests in Guangzhou Jiasi from Mr. Wu Yushu at a consideration of RMB1,000,000 based on the paid-up registered capital of Guangzhou Jiasi, which was recognised as an asset acquisition.

The fair values of the assets and liabilities of Guangzhou Jiasi as at the date of acquisition were as follows:

	<i>RMB'000</i>
Net assets acquired:	
Right-of-use assets	766
Prepayments, other receivables and other assets	676
Cash and cash equivalents	363
Lease liabilities	<u>(805)</u>
	1,000
Satisfied by Cash	<u><u>1,000</u></u>

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration	(1,000)
Cash and cash equivalents acquired	<u>363</u>
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	<u><u>(637)</u></u>

30. COMMITMENTS

At the end of each of the Relevant Periods, the Group did not have any significant commitments.

31. RELATED PARTY TRANSACTIONS

Details of the Group's related parties are as follows:

Company	Relationship with the Company
Wellmark Link Limited	Shareholder
WLF Investment Holdings Limited	Shareholder
Mr. Wu Yushu	Director and key management personnel
Ms. Wang Lifang	Director and key management personnel
Mr. Fu Haitao	Non-executive director and key management personnel
Ms. Yi Xuhui	Key management personnel
Mr. Tang Keke	Key management personnel
Mr. Su Caihua	Key management personnel
Mr. Zhuang Weijin	Key management personnel
Mr. Li Junguo	Key management personnel
Mr. Qin Jianzeng	Non-controlling shareholder of a subsidiary
Jiangxi Yaoshunshun	An associate

(a) The Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Advance/(repayment) from a director:			
Mr. Wu Yushu*	47	–	(47)
Advance/(repayment) from a related party:			
Mr. Qin Jianzeng*	–	1,500	(1,500)
Sales to a related party:			
Jiangxi Yaoshunshun**	–	–	73

* The advances from Mr. Wu Yushu and Mr. Qin Jianzeng were unsecured, interest-free and repayable on demand. The balances with a related party and a director were settled as at 31 December 2021.

** The sales to the related party were made according to the published prices and conditions offered to the major customers of the Group.

(b) Other transactions with a related party:

On 27 September 2020, the Group disposed of 100% equity interests in Guangzhou Jiasi Information Technology Company Limited, a subsidiary of Guangzhou Sinohealth Digital, to Mr. Wu Yushu at a consideration of RMB10,000, resulting a gain on disposal of RMB50,000 in 2020.

Sinohealth Information acquired 30% equity interests of Guangzhou Sinohealth Pushi Technology Development Company Limited in March 2021 from Mr. Qin Jianzeng at a consideration of RMB1,500,000.

Sinohealth Information acquired the entire equity interests in Guangzhou Jiasi from Mr. Wu Yushu at a consideration of RMB1,000,000 on 29 April 2021.

(c) The Group had the following outstanding balances with related parties:

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Due from Mr. Wu Yushu*	–	10	–
Due to Mr. Wu Yushu*	47	47	–
Due to Mr. Qin Jianzeng*	–	1,500	–
Due from Jiangxi Yaoshunshun**	–	–	73

* The above amounts due from/to related parties were non-trade in nature, unsecured, interest-free and repayable on demand.

** The above amounts due from the related party were trade in nature, unsecured, interest-free and repayable on demand.

(d) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind	2,830	3,903	4,065
Performance related bonuses	460	894	311
Pension scheme contributions	43	6	53
Total compensation paid to key management personnel	3,333	4,803	4,429

32. 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:

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2019			
Trade and notes receivables	–	19,536	19,536
Financial assets included in prepayments, other receivables and other assets	–	1,396	1,396
Financial assets at fair value through profit or loss	181,015	–	181,015
Cash and cash equivalents	–	220,635	220,635
	<u>181,015</u>	<u>241,567</u>	<u>422,582</u>
As at 31 December 2020			
Trade and notes receivables	–	28,712	28,712
Financial assets included in prepayments, other receivables and other assets	–	2,204	2,204
Financial assets at fair value through profit or loss	356,664	–	356,664
Due from a director	–	10	10
Cash and cash equivalents	–	115,778	115,778
	<u>356,664</u>	<u>146,704</u>	<u>503,368</u>

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2021			
Trade and notes receivables	–	81,866	81,866
Financial assets included in prepayments, other receivables and other assets	–	1,831	1,831
Financial assets at fair value through profit or loss	373,389	–	373,389
Due from a related party	–	73	73
Cash and cash equivalents	–	33,955	33,955
	<u>373,389</u>	<u>117,725</u>	<u>491,114</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
As at 31 December 2019	
Trade payables	2,631
Financial liabilities included in other payables and accruals	522
Due to a director	47
Lease liabilities	10,543
	<u>13,743</u>

As at 31 December 2020

Trade payables	3,669
Financial liabilities included in other payables and accruals	1,185
Due to a director	47
Due to a related party	1,500
Lease liabilities	27,870
	<u>34,271</u>

	Financial liabilities at amortised cost
	<i>RMB'000</i>
As at 31 December 2021	
Trade payables	16,859
Financial liabilities included in other payables and accruals	6,200
Lease liabilities	9,614
	<u>32,673</u>

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and notes receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, the current portion of lease liabilities and amounts due from/to a director and a related party 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 a discounted cash flow the valuation model based on the market interest rates of instruments with similar terms and risks.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2019

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	–	181,015	–	181,015

As at 31 December 2020

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	–	356,664	–	356,664

As at 31 December 2021

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	–	373,389	–	373,389

The Group did not have any financial liabilities measured at fair value as at the end of each of the Relevant Periods.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise financial assets at fair value through profit or loss and 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.

Foreign currency risk

As at 31 December 2021, the Group has transactional currency exposures. Such exposures arise from its cash and cash equivalents in US\$.

The following table demonstrates the sensitivity as at 31 December 2021 to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (due to translation of monetary assets and liabilities).

	<u>Change in rate of foreign currency</u>	<u>Increase/ (decrease) in profit before tax</u>
	%	RMB'000
31 December 2021		
If the RMB weakens against the US\$	5	270
If the RMB strengthens against the US\$.	5	(270)

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 past due 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 2019

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade receivables*	–	–	–	20,051	20,051
Notes receivable**	2,064	–	–	–	2,064
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,396	–	–	–	1,396
Cash and cash equivalents					
– Not yet past due	220,635	–	–	–	220,635
	<u>224,095</u>	<u>–</u>	<u>–</u>	<u>20,051</u>	<u>244,146</u>

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade receivables*	–	–	–	29,547	29,547
Notes receivable**	2,435	–	–	–	2,435
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,204	–	–	–	2,204
Due from a director	10	–	–	–	10
Cash and cash equivalents					
– Not yet past due	115,778	–	–	–	115,778
	<u>120,427</u>	<u>–</u>	<u>–</u>	<u>29,547</u>	<u>149,974</u>

As at 31 December 2021

	12-month	Lifetime ECLs			Total
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	78,712	78,712
Notes receivable**	7,695	–	–	–	7,695
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,831	–	–	–	1,831
– Doubtful*	–	–	325	–	325
Due from a related party	73	–	–	–	73
Cash and cash equivalents					
– Not yet past due	33,955	–	–	–	33,955
	<u>43,554</u>	<u>–</u>	<u>325</u>	<u>78,712</u>	<u>122,591</u>

* For trade receivables to which the Group applies the simplified approach for impairment, further information is disclosed in note 18 to the Historical Financial Information.

** The credit quality of notes receivable and 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”.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 18 and 19 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 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	281	2,350	–	–	–	2,631
Lease liabilities	–	973	2,654	6,846	870	11,343
Due to a director	47	–	–	–	–	47
Financial liabilities included in other payables and accruals	522	–	–	–	–	522
	<u>850</u>	<u>3,323</u>	<u>2,654</u>	<u>6,846</u>	<u>870</u>	<u>14,543</u>
	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	900	2,769	–	–	–	3,669
Lease liabilities	–	1,776	5,538	10,481	15,730	33,525
Due to a director	47	–	–	–	–	47
Due to a related party	1,500	–	–	–	–	1,500
Financial liabilities included in other payables and accruals	1,185	–	–	–	–	1,185
	<u>3,632</u>	<u>4,545</u>	<u>5,538</u>	<u>10,481</u>	<u>15,730</u>	<u>39,926</u>
	31 December 2021					
	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	437	16,422	–	–	–	16,859
Lease liabilities	–	1,256	3,575	3,845	1,416	10,092
Financial liabilities included in other payables and accruals	6,200	–	–	–	–	6,200
	<u>6,637</u>	<u>17,678</u>	<u>3,575</u>	<u>3,845</u>	<u>1,416</u>	<u>33,151</u>

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 gearing ratio, which is debt divided by total assets. Debt includes trade payables, other payables and accruals and lease liabilities. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	2,631	3,669	16,859
Other payables and accruals	27,961	38,399	67,586
Lease liabilities	10,543	27,870	9,614
Debt	<u>41,135</u>	<u>69,938</u>	<u>94,059</u>
Total assets	<u>440,851</u>	<u>542,207</u>	<u>517,023</u>
Gearing ratio	<u>9.3%</u>	<u>12.9%</u>	<u>18.2%</u>

35. EVENTS AFTER THE RELEVANT PERIODS

There were no other significant events that required additional disclosure or adjustments occurred after the end of the Relevant Periods.

36. 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 2021.

The following information does not form part of the Accountants' Report from Ernst & Young, 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 the section headed "Financial Information" and the Historical Financial Information set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of the Group have been prepared in accordance with paragraph 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 consolidated net tangible assets of the Group attributable to owners of the parent as at 31 December 2021 as if Global Offering had taken place on 31 December 2021.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the parent has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets attributable to owners of the parent had the Global Offering been completed as at 31 December 2021 or any future date.

	Consolidated net tangible assets attributable to owners of the parent as at 31 December 2021	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent as at 31 December 2021	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per share as at 31 December 2021	
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	HK\$ equivalent (Note 4)
Based on an Offer Price of HK\$4.83 per Share, after a Downward Offer Price Adjustment of 10%	415,706	274,470	690,176	1.53	1.79
Based on an Offer Price of HK\$5.36 per Share	415,706	308,589	724,295	1.61	1.87
Based on an Offer Price of HK\$6.96 per Share	415,706	411,595	827,301	1.84	2.14

Notes:

- (1) The consolidated net tangible assets attributable to owners of the parent as at 31 December 2021 is arrived at after deducting other intangible assets of RMB1,152,000 from the consolidated equity attributable to owners of the parent of RMB416,858,000 as at 31 December 2021, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

- (2) The estimated net proceeds from the Global Offering are calculated based on the offer price of HK\$5.36 per Share or HK\$6.96 per Share, and also based on the offer price of HK\$4.83 (being the low-end of the offer price range set out in this prospectus after making Downward Offer Price Adjustment of 10%), after deduction of the underwriting fees and related expenses payable by the Company (excluding listing expense of RMB20,648,000 which have been charged to profit or loss prior to 31 December 2021) and do not take into account any Shares which may be issued upon exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are calculated based on 450,000,000 Shares in issue immediately following the completion of the Global Offering without taking into account any Shares which may be issued upon exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased under the general mandates for the allotment and issue or repurchase of the Shares as described in “Appendix IV—Statutory and General Information”.
- (4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are converted into Hong Kong dollars at an exchange rate of RMB1.00 to HK\$1.1649.
- (5) No adjustment has been made to reflect any trading results or open transactions of the Group entered into subsequent to 31 December 2021.

The following is the text of a report received from our reporting accountants, Ernst & Young, prepared for the purposes of incorporation in this prospectus, in respect of the pro forma financial information of the Group.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION



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To the Directors of Sinohealth Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Sinohealth Holdings Limited (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 2021, and related notes as set out on pages II-1 to II-2 of the prospectus dated 28 June 2022 (the “**Prospectus**”) 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) to the Prospectus.

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 2021 as if the transaction had taken place at 31 December 2021. 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 2021, 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

28 June 2022

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of the Cayman Companies Act.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 March 2019 under the Cayman Companies Act. Our Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which our Company is established are unrestricted (including acting as an investment company), and that our Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Cayman Companies Act and in view of the fact that our Company is an exempted company that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.
- (b) Our Company may by supermajority resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 22 June 2022 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of our Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Act, 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 the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the voting rights of the holders of that class or with the sanction of a supermajority resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy holding not less than

one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

Our Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as our Company in general meeting or as the directors may determine;
- (iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so canceled.

Our Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Stock Exchange or in such other form as the Board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by

recording the particulars required by Section 40 of the Cayman Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee. 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 in respect of that share.

The Board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The Board may decline to recognize any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to our Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the Board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favor of our Company.

(v) Power of our Company to purchase its own shares

Our Company is empowered by the Cayman Companies Act and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where our Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by our Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The Board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of our Company to own shares in our Company

There are no provisions in the Articles relating to ownership of shares in our Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the Board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced our Company may pay interest at such rate (if any) as the Board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to our Company all monies which, at the date of forfeiture, were payable by him to our Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the Board determines.

(b) Directors**(i) Appointment, retirement and removal**

At each annual general meeting, one third of the Directors for the time being (or if their number is not 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 shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in our Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed to fill a casual vacancy shall hold office until the next first annual general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing Board shall hold office only until the next first annual general meeting of our Company after his appointment and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of our Company's shareholders before the expiration of his period of office (including a managing director or other executive director, but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and members of our Company may by ordinary resolution appoint another in his place. Unless otherwise determined by our Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally; or
- (bb) he dies or is declared to be of unsound mind and the Board resolves that his office be vacated; or
- (cc) without special leave, is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;

- (dd) he is prohibited by law from acting as a director or he ceases to be a director by operation of law; or
- (ee) he has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (ff) he resigns; or
- (gg) he is removed from office by an Ordinary Resolution of the Company or otherwise pursuant to the Articles; or
- (hh) he is removed from office by notice in writing served on him signed by not less than three-fourth in number (or if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

The Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Act and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of our Company or the holder thereof, it is liable to be redeemed.

The Board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of our Company on such terms as it may determine.

Subject to the provisions of the Cayman Companies Act and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company are at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither our Company nor the Board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of our Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Cayman Companies Act to be exercised or done by our Company in general meeting.

(iv) Borrowing powers

The Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of our Company and, subject to the Cayman Companies Act, to issue debentures, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by our Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all traveling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any Board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of our Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of our Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An Executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The Board may establish or concur or join with other companies (being subsidiary companies of our Company or companies with which it is associated in business) in establishing and making contributions out of our Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and ex-employees of our Company and their dependants or any class or classes of such persons.

The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The Board may resolve to capitalize all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of our Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than our Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, our Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by our Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments 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 be approved by our Company in general meeting.

(vii) Loans and provision of security for loans to Directors

Our Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance as if our Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with our Company or any of its subsidiaries

A Director may hold any other office or place of profit with our Company (except that of the auditor of our Company) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with our Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company must declare the nature of his interest at the meeting of the Board at the earliest meeting of the Board at which it is practicable for him to do so.

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of our Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of our Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and our Company's name

The Articles may be rescinded, altered or amended by our Company in general meeting by supermajority resolution. The Articles state that a supermajority resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of our Company.

(e) Meetings of members***(i) Supermajority, special and ordinary resolutions***

A supermajority resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with our Articles.

A special resolution of our Company must be passed by a majority of not less than two-thirds of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Cayman Companies Act, a copy of any special resolution or supermajority resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of our Company it may appoint proxies or authorize such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members, at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorized, the authorisation shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of our Company held by that clearing house (or its nominee(s)) including, the right to speak and vote, and where a show of hands is allowed, the right to vote individually on a show of hands.

Shareholders must have the right to: (a) speak at general meetings of our Company; and (b) vote at a general meeting except whether a shareholder is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.

Where our Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meeting

Other than the year of our Company's adoption of the Articles, in each year during the period commencing from the Listing Date and including the date immediately before the Listing Date our Company shall hold a general meeting as its annual general meeting within six months after the end of each financial year in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of our Company having the right of voting at general meetings, on a one vote per share basis in the share capital of our Company, and the foregoing shareholders shall be able to add resolutions to the meeting agenda. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by our Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting shall be called by not less than twenty-one (21) clear days notice in writing. All other general meetings (including an extraordinary general meeting) shall be called by at least fourteen (14) clear days notice in writing. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of our Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from our Company, and also to, among others, the auditors for the time being of our Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of our Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by our Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers; and
- (ee) the fixing of the remuneration of the directors and of the auditors.

(v) 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 of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an

adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(f) Accounts and audit

The Board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of our Company and of all other matters required by the Cayman Companies Act or necessary to give a true and fair view of our Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of our Company except as conferred by law or authorized by the Board or our Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before our Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, our Company may send to such persons summarized financial statements derived from our Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on our Company, demand that our Company sends to him, in addition to summarized financial statements, a complete printed copy of our Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall by ordinary resolution appoint an auditor to audit the accounts of our Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by ordinary resolution remove the auditors at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The appointment, removal and remuneration of the auditors must be approved by a majority of our Company's shareholders in a general meeting or by other body that is independent of the Board, except that in any particular year our Company in general meeting (or such body independent of the Board as aforementioned) may delegate the fixing of such remuneration to the Board and the remuneration of any auditors appointed to fill any casual vacancy may be fixed by the Board.

The financial statements of our Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

Our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

The Articles provide dividends may be declared and paid out of the profits of our Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared on the share capital of our Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders 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 Board may think fit.

Our Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of our Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of our Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, 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 in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the Board, at the registered office or such other place at which the register is kept in accordance with the Cayman Companies Act or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the Board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Companies Ordinance.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of our Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix III.

(j) Procedures on liquidation

Our Company may at any time and from time to time be wound up voluntarily by a supermajority resolution. If our Company shall be wound up the liquidator shall apply the assets of the Company in such manner and order as he thinks fit in satisfaction of creditors' claims.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if our Company is wound up and the assets available for distribution amongst the members of our 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 *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if our Company is wound up and the assets available for distribution amongst the members 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 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 our Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a supermajority resolution and any other sanction required by the Cayman Companies Act divide among the members in specie or kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of 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. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Cayman Companies Act, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANIES ACT

Our Company is incorporated in the Cayman Islands subject to the Cayman Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of the Cayman Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar (for the avoidance of doubt, special resolution used in the below summary shall have the meaning as set out in the Cayman Companies Act):

(a) Company operations

As an exempted company, our Company's operations must be conducted mainly outside the Cayman Islands. An exempted 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 amount of its authorized share capital.

(b) Share capital

The Cayman 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 premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium.

The Cayman 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 (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) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Act); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of 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 Cayman Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person 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 acting 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.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized 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 and the Cayman Companies Act expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution 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 issued shares of the company other than shares held as treasury 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.

Shares purchased by a company is to be treated as canceled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not to be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Cayman Companies Act.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling

such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Cayman Companies Act permits, subject to a solvency test and the provisions, if any, of a company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of a company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of a company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court 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 Court shall direct.

Any shareholder of a company may petition the Court 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 or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by a company's memorandum and articles of association.

(g) Disposal of assets

The Cayman Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) 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.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Act of the Cayman Islands, our Company has obtained an undertaking:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to our Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of our Company.

The undertaking for our Company is for a period of twenty years from 21 June 2021.

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 our Company levied by the Government of the Cayman Islands save for 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 a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) 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.

(l) Loans to directors

There is no express provision in the Cayman Companies Act prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of a company have no general right under the Cayman 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.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Cayman Companies Act required or permitted to be kept. A company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Cayman 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. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(o) Register of Directors and Officers

A company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands.

Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of a company are listed on the Stock Exchange, the company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where, subject to the memorandum and articles of association of the company, the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorizing civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company, subject to the memorandum and articles of association of the company, so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from

the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorized by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the 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 transactions were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the 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.

(t) 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 Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Ogier, our Company's legal counsel as to Cayman Islands law, have sent to our Company a letter of advice summarizing certain aspects of Cayman Companies Act. This letter, together with a copy of the Cayman Companies Act, is available on display as referred to in the section headed "Documents delivered to the Registrar of Companies in Hong Kong and available on display—Documents available on display" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND ITS SUBSIDIARIES**1. Incorporation of Our Company**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on 4 March 2019. The Company has established its principal place of business in Hong Kong at 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 7 July 2021. The Company has appointed Ms. Zhang Xiao of 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

Since our Company was incorporated in the Cayman Islands, its operation is subject to the Cayman Companies Act and its constitution comprising the Memorandum and the Articles. A summary of various provisions of the Company's constitution and certain relevant aspects of the Cayman Companies Act is set out in Appendix III to this prospectus.

2. Changes in Share Capital of Our Company

As at the date of incorporation of our Company on 4 March 2019, its authorized share capital was US\$50,000 divided into 50,000 Shares with a par value of US\$1.00 each. Upon its incorporation, one Share was allotted and issued to its initial subscriber fully paid at par, who then transferred the same to Wellmark BVI on the same day.

On 18 May 2021, our Company subdivided each of its existing issued and unissued Shares with a par value of US\$1.00 each in its share capital into 100 ordinary Shares with a par value of US\$0.01 each, such that thereafter, the authorized share capital of our Company becomes US\$50,000 divided into 5,000,000 Shares with a par value of US\$0.01 each.

On 18 May 2021, our Company allotted and issued 2,416,400, 270,000, 900,000, 913,500, 388,235, 88,235 and 23,530 Shares for cash at par to Wellmark BVI, WLF BVI, Rikan LLP, Montesy Capital BVI, Shanghai Tianyi BVI, Zhongwei Tengyun BVI and Hansson BVI, respectively. Upon completion of the aforesaid allotment, our Company was owned as to 48.33%, 5.4%, 18%, 18.27%, 7.7647%, 1.7647% and 0.4706% by Wellmark BVI, WLF BVI, Rikan LLP, Montesy Capital BVI, Shanghai Tianyi BVI, Zhongwei Tengyun BVI and Hansson BVI, respectively.

On 27 April 2022, the Company increased its authorized share capital from US\$50,000 divided into 5,000,000 Shares to US\$20,000,000 divided into 2,000,000,000 Shares with a par value of US\$0.01 each by the creation of an additional 1,995,000,000 Shares.

Assuming that the Global Offering becomes unconditional and the issue of the Shares pursuant to the Global Offering and the Capitalization Issue mentioned herein are made, but not taking into account of any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, the issued share capital of our Company will be

US\$4,500,000 divided into 450,000,000 Shares fully paid or credited as fully paid. Other than pursuant to any options which may be granted under the Share Option Scheme, the exercise of the Over-allotment Option or the exercise of the general mandate to issue shares referred to in paragraph headed “—A. Further Information about our Company and its Subsidiaries—3. Written Resolutions of all the Shareholders passed on 27 April 2022 and 22 June 2022” below in this section, there is no present intention to issue any part of the authorized but unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed herein and in paragraph headed “—A. Further Information about our Company and its Subsidiaries—4. Corporate Reorganization” below in this section, there has been no alteration in the share capital of our Company since its incorporation.

3. Written Resolutions of all the Shareholders passed on 27 April 2022 and 22 June 2022

On 27 April 2022 and 22 June 2022, written resolutions of all the Shareholders were passed pursuant to which, among others:

- (a) the Memorandum be and was thereby approved and adopted with immediate effect and the Articles be and were thereby conditionally approved and adopted which will come into effect on the Listing Date, the terms of which are summarized in Appendix III to this prospectus;
- (b) the authorized share capital of the Company be increased from US\$50,000 divided into 5,000,000 Shares with a par value of US\$0.01 each to US\$20,000,000 divided into 2,000,000,000 Shares with a par value of US\$0.01 each by the creation of an additional 1,995,000,000 Shares ranking *pari passu* with the existing Shares with immediate effect;
- (c) conditional on (A) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein (including any Shares which may be issued pursuant to the Global Offering, the Capitalization Issue, the Over-allotment Option and the Share Option Scheme); (B) the entering into of the agreement on the Offer Price between the Sole Representative (for itself and on behalf of the Underwriters) and the Company; and (C) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Representative (for itself and on behalf of the Underwriters)), and not being terminated in accordance with the terms of such agreement or otherwise, in each case on or before the date determined in accordance with the terms of the Underwriting Agreements:
 - (i) the Global Offering was approved and our Directors were authorized to effect the same and to allot and issue the Offer Shares pursuant to the Global Offering;
 - (ii) the Over-allotment Option was approved and our Directors were authorized to allot and issue any Shares which may be required to be issued if the Over-allotment Option is exercised;

- (iii) the rules of the Share Option Scheme, the principal terms of which are set out in paragraph “—D. Other Information—1. Share Option Scheme” below, were approved and adopted and our Directors were authorized, at their absolute discretion, to grant options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal with Shares issued pursuant thereunder and to take all such steps as they consider necessary or desirable to implement and give effect to the Share Option Scheme;
- (iv) conditional upon the share premium amount of our Company being credited as a result of the Global Offering, our Directors were authorized to capitalize the amount of US\$3,700,000 from the amount standing to the credit of the share premium account of our Company to pay up in full at par 370,000,000 Shares for allotment and issue to the person(s) whose name(s) appears on the register of members of our Company as at the date of the passing of the resolution, on a pro rata basis;
- (v) a general unconditional mandate was given to our Directors authorizing them to exercise all the powers of our Company to allot, issue and deal in (otherwise than by way of rights issue or an issue of shares upon the exercise of the Over-allotment Option or any subscription or conversion rights attaching to any warrants or any securities which are convertible into Shares or pursuant to the exercise of any options which may be granted under the Share Option Scheme, or any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of its subsidiaries or any other person of share or rights to acquire Shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or a specific authority granted by the Shareholders in general meeting) any unissued Shares with a total nominal value not exceeding 20% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding any Shares that may be issued upon exercise of the Over-allotment Option or pursuant to the exercise of any options which may be granted under the Share Option Scheme) and to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into Shares) which might require the exercise of such power to issue Shares until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of our Company;
 - (2) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or
 - (3) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;

- (vi) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed, and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares with a total nominal value not exceeding 10% of the aggregate of the total nominal value of the share capital of the Company in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding any Shares that may be issued upon exercise of the Over-allotment Option or pursuant to the exercise of any options which may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:
- (1) the conclusion of the next annual general meeting of our Company;
 - (2) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or applicable laws of the Cayman Islands to be held; or
 - (3) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate; and
- (vii) the general unconditional mandate mentioned in paragraph (v) above was extended by the addition to the aggregate nominal value 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 value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (vi) above provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding any Shares that may be issued upon exercise of the Over-allotment Option or pursuant to the exercise of any options which may be granted under the Share Option Scheme).

4. Corporate Reorganization

In preparation for the Listing, the companies comprising our Group underwent the Reorganization to rationalize the corporate structure of our Group. For further details, see “History, Reorganization and Corporate Structure—Reorganization” in this prospectus.

5. Changes in Share Capital of Our Subsidiaries

Save as disclosed in the section headed “History, Reorganization and Corporate Structure” in this prospectus, there has been no alterations in the share capital of any of our subsidiaries within the two years preceding the date of this prospectus.

6. Particulars of Our Subsidiaries

Particulars of our subsidiaries are set forth in the Accountants' Report, the text of which is set forth in Appendix I to this prospectus.

7. Repurchase of Our Own Securities

This paragraph includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transactions.

Note: Pursuant to the written resolution of all the Shareholders passed on 27 April 2022, a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors authorizing any repurchase by the Company of Shares as described above in the paragraph headed "—A. Further Information about our Company and its Subsidiaries—3. Written Resolutions of all the Shareholders passed on 27 April 2022 and 22 June 2022."

(ii) Source of funds

Any repurchases must be financed out of funds legally available for the purpose in accordance with the Memorandum and Articles and the applicable laws and regulations of the Cayman Islands.

(b) Funding of Repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles and the applicable laws and regulations of the Cayman Islands.

Pursuant to the Repurchase Mandate, repurchases will be made out of funds of our Company legally permitted to be utilized in this connection, including profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, if authorized by the Articles and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles and subject to the Cayman Companies Act, out of capital of our Company. Our Company may not

repurchase 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 from time to time.

(c) Reasons for Repurchases

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of our Company and/or its earnings per Share.

(d) Exercise of the Repurchase Mandate

The exercise in full of the Repurchase Mandate, on the basis of 450,000,000 Shares in issue immediately after completion of the Global Offering and the Capitalization Issue without taking into account of any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, would result in up to 45,000,000 Shares being repurchased by our Company during the course of the period (the “**Relevant Period**”) prior to the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles and the applicable laws and regulations of the Cayman Islands to be held; or
- (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting.

(e) General

Neither the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules) has any present intention, if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to our Company or its subsidiaries.

There might be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate is exercised in full. However, our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or on its gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

Our 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, the Memorandum, the Articles and the applicable laws and regulations of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase of the Shareholder(s), could obtain or consolidate control of our Company and become(s) obliged under Rule 26 of the Takeovers Code to make a mandatory offer as a result of a repurchase of Shares made after the Listing. Save as aforesaid, our Directors are not aware of any other consequences under the Takeovers Code as a result of a repurchase of Shares made immediately after the Listing.

No core connected person (as defined in the Listing Rules) of our Company has notified us that he/she/it has a present intention to sell any Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts in the ordinary course of business of our Group) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (1) the shareholder capital contribution transfer agreement dated 27 September 2020 entered into between Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司) and Mr. Wu Yushu, pursuant to which Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司) transferred its entire capital contribution of RMB1,000,000 in Guangzhou Jiasi Information Technology Company Limited (廣州嘉思信息科技有限公司) (representing 100% of the registered capital of the aforesaid company) to Mr. Wu Yushu at a consideration of RMB10,000;
- (2) the reorganization agreement dated 28 January 2021 entered into among Mr. Wu Yushu, Ms. Wang Lifang, Ms. Wu Meirong, Mr. Wu Chunjiang, Zhuhai Riqian Investment Partnership Enterprise (LLP) (珠海日乾投資合夥企業(有限合夥)), Shanghai Tianyi Assets Management Co., Ltd (上海天億資產管理有限公司), Jiangsu Jiequan Zhongwei Tengyun Pharmaceutical Industrial Investment Fund (LLP) (江蘇漵泉中衛騰雲醫藥健康產業投資基金(有限合夥)), Shanghai Meijiu Corporate Consulting Partnership Enterprise (LLP) (上海美九企業管理諮詢合夥企業(有限合夥)), Wellmark Link Limited, WLF Investment Holdings Limited, Montesy Capital Holding Ltd, Hansson Holdings Limited, Rikan Industry Investment Limited Partnership, Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司), Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司) and our Company in relation to the Reorganization;
- (3) the termination agreement dated 31 December 2020 entered into among Shanghai Tianyi Assets Management Co., Ltd (上海天億資產管理有限公司), Jiangsu Jiequan Zhongwei Tengyun Pharmaceutical Industrial Investment Fund (LLP) (江蘇漵泉中衛騰雲醫藥健康產業投資基金(有限合夥)) and Shanghai Meijiu Corporate Consulting Partnership Enterprise (LLP) (上海美九企業管理諮詢合夥企業(有限合夥)) on one hand and Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司), Mr. Wu Yushu, Ms. Wu Meirong, Ms. Wang Lifang, Mr. Wu Chunjiang and Zhuhai Riqian Investment Partnership Enterprise (LLP) (珠海日乾投資合夥企業(有限合夥)) on the

- other hand, pursuant to which the investment agreement and its supplemental agreement both dated 28 March 2017 entered into among Shanghai Tianyi Assets Management Co., Ltd (上海天億資產管理有限公司), Ms. Shu Meizhen, Mr. Xu Haixun, Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司), Mr. Wu Yushu, Ms. Wu Meirong, Ms. Wang Lifang, Mr. Wu Chunjiang and Zhuhai Riqian Investment Partnership Enterprise (LLP) (珠海日乾投資合夥企業(有限合夥)) were terminated;
- (4) the equity transfer agreement dated 4 February 2021 entered into between Mr. Qin Jianzeng and Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司), pursuant to which Mr. Qin Jianzeng transferred 30% equity interest in Guangzhou Sinohealth Pushi Technology Development Company Limited (廣州中康普世科技發展有限公司) to Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司) at the consideration of RMB1,500,000;
 - (5) the equity transfer agreement dated 29 April 2021 entered into between Mr. Wu Yushu and Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司), pursuant to which, Mr. Wu Yushu transferred the entire equity interest in Guangzhou Jiasi Information Technology Company Limited (廣州嘉思信息科技有限公司) to Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司) at the consideration of RMB1,000,000;
 - (6) the equity transfer agreement dated 28 April 2021 entered into among Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司), Mr. Lv Shijian and Guangzhou Rilang Consulting Partnership Enterprise (LLP) (廣州日朗諮詢合夥企業(有限合夥)), pursuant to which, Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司) acquired 33% and 3% equity interests in Guangzhou Kangpu Corporate Consulting Company Limited (廣州康普企業諮詢有限公司) from Mr. Lv Shijian and Guangzhou Rilang Consulting Partnership Enterprise (LLP) (廣州日朗諮詢合夥企業(有限合夥)) at the consideration of RMB990,000 and RMB1, respectively;
 - (7) the business cooperation agreement dated 8 June 2021 entered into among Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司), Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司), Mr. Wu Yushu and Ms. Wang Lifang (Mr. Wu Yushu and Ms. Wang Lifang, together the “**VIE Shareholders**”), whereby, among others, Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司) agreed to engage Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司) as its exclusive provider of business support, technical and consulting services to the extent permitted under PRC laws in exchange for service fees;
 - (8) the business cooperation agreement dated 6 May 2022 entered into among Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司), Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司) and its subsidiaries, namely Guangzhou Xinyi Consulting Company Limited (廣州新益諮詢有限公司), Hainan Sinohealth Technology Company Limited (海南中康科技有限公司), Guangzhou Jiasi Information Technology Company Limited (廣州嘉思信息科技有限公司), Guangzhou Xinkang Information Technology Company Limited (廣州心康信息科技有限公司), Guangzhou Sinohealth Jianshu Intelligence Technology Company Limited (廣州中康健數智能科技有限公司), Guangzhou Zhuomuniao Medical Clinic Company Limited (廣州卓睦鳥醫療門診有限公司), Beijing Sinohealth Junyi Digital Technology

Company Limited (北京中康君毅數字科技有限公司), Guangzhou Xinshun Technology Company Limited (廣州心順科技有限公司), Jiangxi Xinshun Medicine Company Limited (江西心順藥業有限公司), Beijing Sinohealth Tong Digital Technology Company Limited (北京中康通數字科技有限公司), Guangzhou Junyi Consulting Partnership Enterprise (LLP) (廣州君宜諮詢合夥企業(有限合夥)) (collectively, the “**Sinohealth Subsidiaries**”), whereby, among others, the Sinohealth Subsidiaries agreed to engage Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司) as their exclusive provider of business support, technical and consulting services to the extent permitted under PRC laws in exchange for service fees;

- (9) the exclusive option agreement dated 8 June 2021 entered into among Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司), Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司) and the VIE Shareholders, pursuant to which, Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司) was granted an irrevocable and exclusive right to purchase from the VIE Shareholders all or any part of their equity interests in Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司) by itself or through its appointee(s) for a nominal price or the lowest value permitted by the then applicable PRC law;
- (10) the exclusive option agreement dated 6 May 2022 entered into among Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司), Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司), the Sinohealth Subsidiaries, Mr. Zhou Pingping, Mr. Xie Chaoliang, Mr. Tang Keke, Mr. Sun Zihao, Mr. Xiao Lin, Mr. Wang Mengliang and Mr. Cao Chengzhi (the aforesaid individual shareholders collectively, the “**Other VIE Shareholders**”), pursuant to which, Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司) was granted an irrevocable and exclusive right to purchase from Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司) all or any part of its respective equity interests in the Sinohealth Subsidiaries by itself or through its appointee(s) for a nominal price or the lowest value permitted by the then applicable PRC law;
- (11) the equity pledge agreement and its supplemental agreement dated 8 June 2021 and 6 May 2022, respectively, entered into among Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司), Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司) and the VIE Shareholders, pursuant to which the VIE Shareholders pledged all of their respective equity interests in Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司) to Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司) as collateral security, among others, (i) for any or all of Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司) and the Sinohealth Subsidiaries’ payments due to Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司); and (ii) to guarantee the performance of their respective obligations under the business cooperation agreements, the exclusive option agreements and the voting rights proxy agreements;
- (12) the voting rights proxy agreement dated 8 June 2021 entered into among Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司), Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司) and the VIE Shareholders, pursuant to which the VIE Shareholders unconditionally and irrevocably

- authorized Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司) to act on their behalf to exercise all of their shareholders' rights in Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司);
- (13) the voting rights proxy agreement dated 6 May 2022 entered into among Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司), Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司), the Sinohealth Subsidiaries, and the Other VIE Shareholders, pursuant to which Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司) unconditionally and irrevocably authorized Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司) to act on its behalf to exercise all of its shareholders' rights in the Sinohealth Subsidiaries;
- (14) the equity transfer agreement dated 23 February 2022 entered into between Guangzhou Xinyi Consulting Company Limited (廣州新益諮詢有限公司) and Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司), pursuant to which Guangzhou Xinyi Consulting Company Limited (廣州新益諮詢有限公司) transferred 35% equity interest in Guangzhou Xinshun Technology Company Limited (廣州心順科技有限公司) to Guangzhou Sinohealth Information Co., Ltd (廣州中康資訊股份有限公司) at the consideration of RMB3,500,000;
- (15) the deed of indemnity dated 27 April 2022 executed by our Controlling Shareholders in favor of our Company (for itself and as trustee for its subsidiaries) containing the indemnities referred to in the sub-paragraph headed “—D. Other Information—2. Estate Duty, Tax and Other Indemnity” in this Appendix;
- (16) the cornerstone investment agreement dated 24 June 2022 entered into among Mr. Zheng Jingjie (鄭靖杰), BNP Paribas Securities (Asia) Limited, Orient Securities (Hong Kong) Limited and our Company, details of which are included in the section headed “Cornerstone Investors” in this prospectus;
- (17) the cornerstone investment agreement dated 24 June 2022 entered into among Baheal Wellness Industry International Trading Limited, BNP Paribas Securities (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited and our Company, details of which are included in the section headed “Cornerstone Investors” in this prospectus;
- (18) the cornerstone investment agreement dated 24 June 2022 entered into among Guangdong Kangshi No.1 Private Equity Investment Partnership (Limited Partnership) (廣東康石壹號私募股權投資合夥企業(有限合夥)), BNP Paribas Securities (Asia) Limited, CCB International Capital Limited, Orient Securities (Hong Kong) Limited and our Company, details of which are included in the section headed “Cornerstone Investors” in this prospectus;





(19) the cornerstone investment agreement dated 24 June 2022 entered into among Lun's Family Holdings Limited, BNP Paribas Securities (Asia) Limited and our Company, details of which are included in the section headed "Cornerstone Investors" in this prospectus; and

(20) the Hong Kong Underwriting Agreement.

2. Intellectual Property of our Group

(a) Trademarks

As at the Latest Practicable Date, we were the registered owner of the following trademarks which are material to our business:

No.	Trademark	Registration No.	Trademark Owner	Place of Registration	Class	Duration of validity
1		14499139	Sinohealth Information	PRC	9	From 14 June 2015 to 13 June 2025
2		14499310	Sinohealth Information	PRC	41	From 7 September 2015 to 6 September 2025
3		14499436	Sinohealth Information	PRC	35	From 14 June 2015 to 13 June 2025
4		14499222	Sinohealth Information	PRC	42	From 14 June 2015 to 13 June 2025
5	药店人	14499574	Sinohealth Information	PRC	38	From 14 June 2015 to 13 June 2025
6	Sinohealth [®]	25089806	WFOE	PRC	9	From 7 July 2019 to 6 July 2029
7	Sinohealth [®]	11158560	WFOE	PRC	16	From 21 November 2013 to 20 November 2023
8	中康资讯	26386267	Sinohealth Information	PRC	9	From 21 November 2018 to 20 November 2028
9	中康资讯	34697999	Sinohealth Information	PRC	35	From 28 January 2020 to 27 January 2030

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No.	Trademark	Registration No.	Trademark Owner	Place of Registration	Class	Duration of validity
10	中康资讯	11866020	Sinohealth Information	PRC	41	From 21 January 2016 to 20 January 2026
11	中康资讯	25090056	Sinohealth Information	PRC	41	From 14 June 2019 to 13 June 2029
12	中康资讯	34698006	Sinohealth Information	PRC	42	From 21 December 2019 to 20 December 2029
13	中康	11866022	Sinohealth Information	PRC	41	From 21 January 2016 to 20 January 2026
14	新康果	46801066	WFOE	PRC	9	From 7 March 2021 to 6 March 2031
15	新康果	13359003	WFOE	PRC	35	From 28 January 2015 to 27 January 2025
16	新康果	46776657	WFOE	PRC	41	From 7 March 2021 to 6 March 2031
17	新康果	13358945	WFOE	PRC	42	From 14 January 2015 to 13 January 2025
18	西 普 会	11497584	WFOE	PRC	35	From 21 February 2014 to 20 February 2024
19	西 普 会	11421346	WFOE	PRC	41	From 7 February 2014 to 6 February 2024
20	cpeo	11421345	WFOE	PRC	41	From 7 August 2018 to 6 August 2028
21	CMH	25102997A	Sinohealth Information	PRC	35	From 28 July 2018 to 27 July 2028
22	CMH	34300879	Sinohealth Information	PRC	35	From 28 January 2020 to 27 January 2030
23	CMH	11153276	Sinohealth Information	PRC	41	From 21 November 2013 to 20 November 2023
24	CMH	11153318	Sinohealth Information	PRC	42	From 21 November 2013 to 20 November 2023
25	心康	16384639A	WFOE	PRC	9	From 21 May 2016 to 20 May 2026





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No.	Trademark	Registration No.	Trademark Owner	Place of Registration	Class	Duration of validity
26	心康	16384679A	WFOE	PRC	42	From 21 May 2016 to 20 May 2026
27	心康	16384679	WFOE	PRC	42	From 21 December 2017 to 20 December 2027
28	第一药店 <small>The First Pharmacy</small>	9803451	WFOE	PRC	16	From 28 November 2012 to 27 November 2022
29		7168619	WFOE	PRC	35	From 7 September 2010 to 6 September 2030
30	心康助手	22871252	WFOE	PRC	9	From 14 May 2018 to 13 May 2028
31	心康助手	28677308	WFOE	PRC	42	From 28 May 2019 to 27 May 2029
32	中康开思	27847473	Sinohealth Information	PRC	9	From 7 November 2018 to 6 November 2028
33	中康开思	27836630	Sinohealth Information	PRC	35	From 7 November 2018 to 6 November 2028
34	中康开思	46775433	WFOE	PRC	41	From 21 January 2021 to 20 January 2031
35	中康开思	27836660	Sinohealth Information	PRC	42	From 7 November 2018 to 6 November 2028
36	中康钛思	27833808	Sinohealth Information	PRC	9	From 7 November 2018 to 6 November 2028
37	中康钛思	27832710	Sinohealth Information	PRC	35	From 7 November 2018 to 6 November 2028
38	中康钛思	27836836	Sinohealth Information	PRC	42	From 7 November 2018 to 6 November 2028
39	心康云	22871463	WFOE	PRC	9	From 14 May 2018 to 13 May 2028
40	心康云	27971357	WFOE	PRC	42	From 21 November 2018 to 20 November 2028






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No.	Trademark	Registration No.	Trademark Owner	Place of Registration	Class	Duration of validity
41	心康云	22871510	WFOE	PRC	42	From 28 April 2018 27 April 2028
42	AI-MDT	36376238	WFOE	PRC	35	From 7 October 2019 to 6 October 2029
43	AI-MDT	36379777	WFOE	PRC	41	From 7 October 2019 to 6 October 2029
44	AI-MDT	36379785	WFOE	PRC	42	From 7 October 2019 to 6 October 2029
45	AI-MDT	36377723	WFOE	PRC	44	From 7 October 2019 to 6 October 2029
46		36377421	WFOE	PRC	35	From 21 December 2019 to 20 December 2029
47		36367478	WFOE	PRC	41	From 7 October 2019 to 6 October 2029
48		36377651	WFOE	PRC	42	From 21 October 2019 to 20 October 2029
49		36369544	WFOE	PRC	44	From 14 October 2019 to 13 October 2029
50	心康购	44710155	Sinohealth Information	PRC	9	From 7 February 2021 to 6 February 2031
51	心康购	44701946	Sinohealth Information	PRC	38	From 28 October 2020 to 27 October 2030
52	心康购	44687487	Sinohealth Information	PRC	42	From 14 February 2021 to 13 February 2031
53	心康购	44691823	Sinohealth Information	PRC	44	From 14 January 2021 to 13 January 2031
54	中康美思會	46780744	WFOE	PRC	35	From 21 January 2021 to 20 January 2031

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No.	Trademark	Registration No.	Trademark Owner	Place of Registration	Class	Duration of validity
55	中康美思會	46776585	WFOE	PRC	41	From 14 January 2021 to 13 January 2031
56	卓睦鳥	46731366	WFOE	PRC	9	From 28 January 2021 to 27 January 2031
57	卓睦鳥	46753469	WFOE	PRC	41	From 14 March 2021 to 13 March 2031
58	卓睦鳥	46738400	WFOE	PRC	44	From 14 March 2021 to 13 March 2031
59	卓睦鳥	46753429	WFOE	PRC	10	From 28 March 2021 to 27 March 2031
60	卓睦鳥	46723770	WFOE	PRC	35	From 28 March 2021 to 27 March 2031
61	卓睦鳥	46731390	WFOE	PRC	42	From 14 March 2021 to 13 March 2031
62		50029284	WFOE	PRC	9	From 7 May 2021 to 6 May 2031
63		50015978	WFOE	PRC	38	From 7 May 2021 to 6 May 2031
64		50029666	WFOE	PRC	41	From 7 May 2021 to 6 May 2031
65		50025332	WFOE	PRC	42	From 7 May 2021 to 6 May 2031
66		50037903	WFOE	PRC	44	From 7 May 2021 to 6 May 2031
67	中康资讯	46782278	Sinohealth Information	PRC	16	From 21 March 2021 to 20 March 2031
68	中康科技	46776448	Sinohealth Information	PRC	9	From 7 April 2021 to 6 April 2031

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No.	Trademark	Registration No.	Trademark Owner	Place of Registration	Class	Duration of validity
69	中康科技	46782500	Sinohealth Information	PRC	41	From 14 March 2021 to 13 March 2021
70		305476041	Sinohealth Information	Hong Kong	9/35/41/ 42/44	From 11 December 2020 to 10 December 2030
71	中康健康云系	51056435	Sinohealth Information	PRC	35	From 21 October 2021 to 20 October 2031
72	中康云系	51071618	Sinohealth Information	PRC	9	From 21 October 2021 to 20 October 2031
73	药顺顺	54466910	Guangzhou Xinshun	PRC	44	From 7 October 2021 to 6 October 2031
74	中康科技	305623191	WFOE	Hong Kong	9/16/35/41/ 42/44	From 12 May 2021 to 11 May 2031

As at the Latest Practicable Date, we applied to register the following trademarks which are material to our business:

No.	Trademark	Place of Application	Applicant	Class	Date of Application	Application No.
1		PRC	Guangzhou Xinshun	44	19 March 2021	54474060
2	中康西鼎会	PRC	WFOE	35	17 January 2022	62194967
3	中康西鼎会	PRC	WFOE	41	17 January 2022	62198958
4	中康西鼎会	PRC	WFOE	9	17 January 2022	62208104
5	中康西鼎会	PRC	WFOE	42	17 January 2022	62182082
6	中康西鼎会	PRC	WFOE	5	17 January 2022	62232930
7	中康西鼎会	PRC	WFOE	10	17 January 2022	62188448
8	中康西鼎会	PRC	WFOE	44	17 January 2022	62189934

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No.	Trademark	Place of Application	Applicant	Class	Date of Application	Application No.
9	中康西鼎会	PRC	WFOE	16	17 January 2022	62211471
10	西鼎会	PRC	WFOE	41	17 January 2022	62189961
11	med leap	PRC	WFOE	9	27 January 2022	62434961
12	med leap	PRC	WFOE	10	27 January 2022	62433438
13	med leap	PRC	WFOE	35	27 January 2022	62431203
14	med leap	PRC	WFOE	42	27 January 2022	62425193
15	med leap	PRC	WFOE	44	27 January 2022	62431239

(b) Domain names

As at the Latest Practicable Date, we were the registered proprietor of the following domain names:

No.	Registrant	Domain Name	Date of Registration	Expiry Date
1	Sinohealth Information	中康資訊.com	17 August 2012	17 August 2022
2	Sinohealth Information	中康資訊.cn	17 August 2012	17 August 2022
3	Sinohealth Information	中康資訊.中國	17 August 2012	17 August 2022
4	Sinohealth Information	中康資訊.net	10 April 2017	10 April 2023
5	Sinohealth Information	中康醫藥.cn	28 June 2019	28 June 2023
6	Sinohealth Information	中康醫藥.com	8 July 2019	8 July 2022
7	Sinohealth Information	中康醫藥.net	8 July 2019	8 July 2022
8	Sinohealth Information	中康醫藥資訊.com	8 July 2019	8 July 2022

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No.	Registrant	Domain Name	Date of Registration	Expiry Date
9	Sinohealth Information	中康醫藥資訊.net	8 July 2019	8 July 2022
10	Sinohealth Information	中康醫藥資訊.cn	21 April 2016	21 April 2023
11	Sinohealth Information	第一藥店報.cn	7 September 2011	7 September 2022
12	Sinohealth Information	第一藥店報.com	31 August 2011	31 August 2022
13	Sinohealth Information	第一藥店網.com	31 August 2011	31 August 2022
14	Sinohealth Information	第一藥店網.cn	7 September 2011	7 September 2022
15	Sinohealth Information	sinohealth.com	11 June 2004	11 June 2025
16	Sinohealth Information	www.sinohealth.cn	6 April 2007	6 April 2023
17	Sinohealth Information	21yod.cn	13 February 2008	13 February 2023
18	Sinohealth Information	21yod.net	13 February 2008	13 February 2023
19	Sinohealth Information	dyyd.com.cn	5 September 2011	5 September 2022
20	Sinohealth Information	dyydedu.com	5 July 2012	5 July 2023
21	Sinohealth Information	dyydnews.com	29 November 2011	29 November 2022
22	Sinohealth Information	huidudmp.com	16 February 2017	16 February 2023
23	Sinohealth Information	taskmed.cn	11 December 2013	11 December 2022
24	Sinohealth Information	yaodianren.com	8 May 2009	8 May 2023
25	Sinohealth Information	zkaimdt.com	26 January 2021	26 January 2023
26	Guangzhou Xinkang	sinoxk.com	5 May 2016	5 May 2023
27	Guangzhou Xinkang	sinoxk.cn	5 May 2016	5 May 2023
28	Guangzhou Jiasi	sinohealthjs.com	9 October 2020	9 October 2023
29	Guangzhou Jiasi	sinohealthjs.cn	9 October 2020	9 October 2023
30	WFOE	aimdt.cn	27 October 2018	27 October 2022
31	Guangzhou Jisi	zmnyun.com	24 November 2020	24 November 2022
32	WFOE	cmrcluster.cn	13 April 2021	13 April 2023
33	Sinohealth Information	hcdpp.cn	30 March 2021	30 March 2023

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No.	Registrant	Domain Name	Date of Registration	Expiry Date
34	Sinohealth Information	hcdpp.com	30 March 2021	30 March 2023
35	WFOE	zkaimdt.cn	13 April 2021	13 April 2023
36	Sinohealth Information	zkhealthcloud.cn	5 March 2021	5 March 2023
37	Sinohealth Information	zkhealthcloud.com	5 March 2021	5 March 2023
38	WFOE	zktechs.com	10 March 2021	10 March 2023
39	WFOE	zktechs.cn	10 March 2021	10 March 2023
40	Sinohealth Junyi	zkjyzhuomuniao.cn	18 June 2020	18 June 2023
41	WFOE	zkhealthtechs.cn	10 March 2021	10 March 2023
42	WFOE	zkhealthtechs.com	10 March 2021	10 March 2023
43	Guangzhou Jisi	medleap.cn	25 January 2022	25 January 2023

(c) Patents

As at the Latest Practicable Date, we had registered the following patents which are material to our business:

No.	Patent	Patent No.	Patentee	Place of Registration	Patent Type	Date of Application	Expiry Date
1	基於激光三維掃描的脈象五維信息自動獲取的設備	201820434808.4	Sinohealth Information	PRC	Utility Model	28 March 2018	27 March 2028
2	基於光聲成像的脈象七維信息自動獲取的設備	201820717751.9	Sinohealth Information	PRC	Utility Model	14 May 2018	13 May 2028
3	一種基於高清高速攝像技術的脈象獲取設備	201920810275.X	Sinohealth Information	PRC	Utility Model	30 May 2019	29 May 2029
4	一種中醫智能機器人	201921556075.2	Guangzhou Xisi	PRC	Utility Model	18 September 2019	17 September 2029
5	一種脈診自動安全保護裝置	201922167271.7	Guangzhou Xisi	PRC	Utility Model	5 December 2019	4 December 2029
6	脈診儀	201930665235.6	Guangzhou Xisi	PRC	Community Designs	29 November 2019	28 November 2034
7	脈診	201930666087.X	Guangzhou Xisi	PRC	Community Designs	29 November 2019	28 November 2034
8	脈診傳感器	201930665245.X	Guangzhou Xisi	PRC	Community Designs	29 November 2019	28 November 2034
9	一種基於物聯網的社區健康管理諮詢系統	202110391491.7	WFOE	PRC	Invention	13 April 2021	12 April 2041
10	一種基於深度神經網路蒙特卡洛搜尋樹的個性化配餐方法	201910912761.7	Guangzhou Xisi	PRC	Invention	25 September 2019	24 September 2039

As at the Latest Practicable Date, we applied to register the following patents which are material to our business:

No.	Patent	Application No.	Applicant	Place of Application	Patent Type	Date of Application
1	一種可實現智能分頁的文件導出系統及方法	201810652901.7	WFOE	PRC	Invention	22 June 2018
2	藥房跨店協同患者服務的系統與方法	202110406653.X	WFOE	PRC	Invention	15 April 2021
3	一種用於網絡藥店的藥品監管系統	202110513437.5	WFOE	PRC	Invention	11 May 2021
4	醫療管理及智能服務系統	202110513425.2	WFOE	PRC	Invention	11 May 2021
5	藥品導購智能服務系統	202110513423.3	WFOE	PRC	Invention	11 May 2021
6	一種疾病網絡問診方法與系統	202110438597.8	WFOE	PRC	Invention	22 April 2021
7	基於智能移動終端的醫生問診系統及其問診方法	202110438612.9	WFOE	PRC	Invention	22 April 2021
8	視頻問診管理方法、視頻問診管理器及系統	202110438614.8	WFOE	PRC	Invention	22 April 2021
9	一種醫療問診對話系統與方法	202110414327.3	WFOE	PRC	Invention	16 April 2021
10	基於區塊鏈的藥品管理系統及其實現方法	202110512106.X	WFOE	PRC	Invention	11 May 2021
11	患者服藥計劃管理的標籤管理系統與系統	202110437372.0	WFOE	PRC	Invention	22 April 2021
12	一種藥品分類管理數據分析系統	202110512110.6	WFOE	PRC	Invention	11 May 2021
13	一種基於網絡醫院實現藥店處方藥合法銷售與快速登記的接口方法	202110412310.4	WFOE	PRC	Invention	16 April 2021
14	一種基於大數據的醫療信息管理系統	202110437385.8	WFOE	PRC	Invention	22 April 2021
15	一種基於微信公眾號的在線開方系統	202110414328.8	WFOE	PRC	Invention	16 April 2021
16	疼痛患者質量管理平台及院外隨訪系統	202110512109.3	WFOE	PRC	Invention	11 May 2021
17	一種基於醫療系統的智能隨訪管理系統	202110412277.5	WFOE	PRC	Invention	16 April 2021
18	用於患者服藥遠程監控的服藥提醒系統及方法	202110407915.4	WFOE	PRC	Invention	15 April 2021
19	藥品網上銷售管理系統及利用其進行藥品銷售的方法	202110437392.8	WFOE	PRC	Invention	22 April 2021
20	人工智能多學科專家協作健康管理系統及方法	202110414313.1	WFOE	PRC	Invention	16 April 2021
21	醫藥銷售管理系統及其管理方法	202110412304.9	WFOE	PRC	Invention	16 April 2021
22	一種基於圖卷積網路的舌象多標籤分類學習方法	201910912799.4	Guangzhou Xisi	PRC	Invention	25 September 2019
23	一種基於中醫臨床知識圖譜的機器人主動問診方法	201911137270.6	Guangzhou Xisi	PRC	Invention	29 November 2019
24	一種脈診自動安全保護裝置與方法	201911235918.3	Guangzhou Xisi	PRC	Invention	5 December 2019
25	一種基於圖卷積網路的多標籤多模態全息脈象識別方法	201911396016.8	Guangzhou Xisi	PRC	Invention	30 December 2019

No.	Patent	Application No.	Applicant	Place of Application	Patent Type	Date of Application
26	一種中醫智慧型機器人	201910882717.6	Guangzhou Xisi	PRC	Invention	18 September 2019
27	基於鐳射三維掃描的脈象五維資訊自動獲取的設備和方法	201810266213.7	Sinohealth Information	PRC	Invention	28 March 2018
28	基於光聲成像的脈象七維資訊自動獲取的設備和方法	201810458226.4	Sinohealth Information	PRC	Invention	14 May 2018
29	一種基於高清高速攝像技術的脈象獲取設備及方法	201910465418.2	Sinohealth Information	PRC	Invention	30 May 2019
30	一種基於深度強化學習的輔助智慧問診系統	202110667636.1	Sinohealth Jianshu	PRC	Invention	16 June 2021
31	一種基於分散式微服務和邏輯推理的知識錄入和計算系統	202110883102.2	Guangzhou Jisi	PRC	Invention	2 August 2021

(d) Copyrights

As at the Latest Practicable Date, we had registered the following copyrights which are material to our business:

No.	Registered Owner	Title of Copyright	Registration No.	Place of Registration	Registration Date
1	WFOE	哆哆	粵著轉讓備字 -2021-F-00000181	PRC	15 July 2021
2	WFOE	智慧健康生態系統美術作品	粵著轉讓備字 -2021-F-00000114	PRC	4 June 2021
3	WFOE	西鼎會美術作品	粵著轉讓備字 -2021-F-00000180	PRC	15 July 2021
4	WFOE	中康會務系統V2.2.0	2019SR1351614	PRC	12 December 2019
5	WFOE	健康產業智能情報系統 【簡稱：CHIS】V3.3	2020SR1547522	PRC	5 November 2020
6	WFOE	瓊西消費者洞察系統 【簡稱：LinkedSee】V1.0	2020SR1554569	PRC	9 November 2020
7	WFOE	中康藥店渠道管理決策系統 【簡稱：藥店通】V1.0	2020SR1554599	PRC	9 November 2020
8	Sinohealth Information	卓睦島雲診所軟件V1.0 【簡稱：sdc-clinic】	2020SR1737058	PRC	4 December 2020
9	Sinohealth Information	卓睦島雲診所微信小程序平台V1.0 【簡稱：sdc-clinic-miniapp】	2020SR1737057	PRC	4 December 2020
10	Sinohealth Information	卓睦島雲診所運維平台V1.0 【簡稱：medical-cloud】	2020SR1737056	PRC	4 December 2020
11	Sinohealth Information	卓睦島雲診所運營平台V1.0 【簡稱：sd-admin】	2020SR1751102	PRC	7 December 2020
12	WFOE	中康藥店智慧雲會員管理系統 V1.9.2【簡稱：SIC-會員管理】	2020SR1606171	PRC	19 November 2020
13	WFOE	中康藥店智慧雲品類管理系統V2.0 【簡稱：SIC-品類管理】	2020SR1606205	PRC	19 November 2020

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Registered Owner	Title of Copyright	Registration No.	Place of Registration	Registration Date
14	Sinohealth Information	卓睦島健康管理AI-MDT小程序軟件 【簡稱：AI-MDT小程序】V1.0	2020SR1729537	PRC	3 December 2020
15	Sinohealth Information	卓睦島健康管理AI-MDT機構 管理系統【簡稱：AI-MDT機構 管理系統】V1.0	2020SR1729594	PRC	3 December 2020
16	Sinohealth Information	卓睦島健康管理AI-MDT健康 管理系統【簡稱：AI-MDT健康 管理系統】V1.0	2020SR1729595	PRC	3 December 2020
17	Sinohealth Information	卓睦島健康管理AI-MDT醫學知識 系統【簡稱：AI-MDT醫學知識 系統】V1.0	2020SR1729536	PRC	3 December 2020
18	Sinohealth Information	卓睦島健康管理AI-MDT專家審簽 系統【簡稱：AI-MDT專家審簽 系統】V1.0	2020SR1729538	PRC	3 December 2020
19	WFOE	零售商報告系統 【簡稱：retailer-report】V1.0	2021SR0598173	PRC	26 April 2021
20	WFOE	動銷標準報價系統 【簡稱：quoting-price】V1.0	2021SR0589620	PRC	25 April 2021
21	WFOE	中康藥店人網站 【簡稱：藥店人微站】V2.5	2021SR0591112	PRC	25 April 2021
22	WFOE	思雲數據平台【簡稱：思雲】V1.0	2021SR0589619	PRC	25 April 2021
23	Sinohealth Jianshu	中康深度醫療雲管理系統 【簡稱：medical-cloud】V1.0	2021SR0679110	PRC	13 May 2021
24	Sinohealth Jianshu	卓睦島互聯網醫院軟件【簡稱： sdc-clinic-hospital】V1.0	2021SR0676013	PRC	12 May 2021
25	Sinohealth Jianshu	卓睦島患者端系統【簡稱： sdc-clinic-miniapp】V1.0	2021SR0676014	PRC	12 May 2021
26	Sinohealth Jianshu	卓睦島醫生端系統【簡稱： sdc-clinic-doctor】V1.0	2021SR0679106	PRC	13 May 2021
27	Sinohealth Jianshu	卓睦島運營管理系統【簡稱： sdc-clinic-admin】V1.0	2021SR0674367	PRC	12 May 2021
28	Sinohealth Jianshu	卓睦島診所管理系統【簡稱： sdc-clinic】V1.0	2021SR0674366	PRC	12 May 2021

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

1. Interests and Short Positions of Directors in the Shares Capital of Our Company

Interests in our Company

Immediately following completion of the Global Offering and the Capitalization Issue (taking no account of Shares which may be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), the interests or short positions of each of the Directors and the chief executives in the share capital, underlying shares and debentures of our Company and which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is 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 required to be kept therein or which, once the Shares are listed, will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange are set out as follows:

Name of Director	Capacity /Nature of Interest	Number and Shares immediately after the Global Offering and the Capitalization Issue ⁽¹⁾	Approximately Percentage of Shareholding immediately after the Global Offering and the Capitalization Issue
Mr. Wu ⁽²⁾	Interest in controlled corporation and interest of spouse	268,987,500 (L)	59.7750%
Ms. Wang ⁽²⁾	Interest in controlled corporation and interest of spouse	268,987,500 (L)	59.7750%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- Mr. Wu and Ms. Wang are the spouse of each other, and is deemed to be interested in the Shares beneficially owned by each other. Mr. Wu wholly owns Wellmark BVI and is deemed to be interested in 181,237,500 Shares held by Wellmark BVI. Ms. Wang wholly owns WLF BVI and is deemed to be interested in 20,250,000 Shares held by WLF BVI. Wellmark BVI is the general partner of Rikan LLP and Ms. Wang, through WLF BVI, holds approximately 62.8866% interests in Rikan LLP, and both Mr. Wu and Ms. Wang are deemed to be interested in 67,500,000 Shares held by Rikan LLP.

2. Interests and Short Positions of Substantial Shareholders in the Share Capital of Our Company

Interests in our Company

Save as disclosed in "Substantial Shareholders" in this prospectus, our Directors are not aware of any other person who will, immediately following the Global Offering (without taking into account the exercise of the Over-allotment Option), 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 Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.

3. Directors' Service Contracts, Appointment Letters and Remuneration

(a) Directors' Service Contracts and Appointment Letters

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from the date thereof, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our non-executive Director and independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

(b) Directors' Remuneration

For the years ended 31 December 2019, 2020 and 2021, the aggregate amount paid to our Directors as remuneration (including salaries, bonuses, allowances, benefits in kind and pension scheme contributions) were RMB1.3 million, RMB1.6 million and RMB1.4 million, respectively.

For the year ending 31 December 2022, the estimated total compensation payable to the Directors amounts to RMB1.5 million (excluding any discretionary bonus).

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this prospectus.

4. Disclaimers

Save as disclosed in this appendix:

- (a) none of our Directors nor any of the persons whose names are listed in "— 7. Qualifications of Experts" in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (b) none of our Directors nor any of the persons whose names are listed in "— 7. Qualifications of Experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

- (d) none of our Directors or their associates (as defined in the Listing Rules) or existing shareholders of our Company (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers of the Company; and
- (e) none of our Directors or their associates (as defined in the Listing Rules) or existing shareholders of our Company (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any or the five largest suppliers of our Company.

D. OTHER INFORMATION

1. Share Option Scheme

Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by the written resolutions of all Shareholders of our Company passed on 27 April 2022. Our Directors confirm that the terms of the Share Option Scheme comply with the requirements under Chapter 17 of the Listing Rules. As at the Latest Practicable Date, no options had been granted or agreed to be granted by our Company under the Share Option Scheme.

(a) Purpose

The purpose of the Share Option Scheme is to provide incentive or reward to Eligible Persons (as defined in paragraph (b) below) for their contribution to, and continuing efforts to promote the interests of, our Group and for such other purposes as the Board may approve from time to time.

(b) Who may join

The Board may, at its absolute discretion, offer eligible persons (being any director or employee (whether full time or part time), consultant or adviser of our Group who in the sole discretion of the Board has contributed to and/or will contribute to our Group) (the “**Eligible Persons**”) to subscribe for such number of Shares in accordance with the terms of the Share Option Scheme.

(c) Maximum number of Shares

- (i) The maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company, must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. No options may be granted under the Share Option Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

- (ii) Subject to paragraphs (c)(i), (iv) and (v), at the time of adoption by our Company of the Share Option Scheme or any new share option scheme (the “**New Scheme**”), the aggregate number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, the New Scheme and all schemes existing at such time (the “**Existing Schemes**”) of our Company must not in aggregate exceed 10% of the total number of the Shares in issue as at the Listing Date (the “**Scheme Mandate Limit**”).
- (iii) For the purposes of calculating the Scheme Mandate Limit under paragraph (c)(ii), Shares which are the subject matter of any options that have already lapsed in accordance with the terms of the relevant Existing Scheme(s) shall not be counted.
- (iv) The Scheme Mandate Limit may be refreshed by ordinary resolution of the Shareholders in general meeting, provided that:
- the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of issued Shares as at the date of Shareholders’ approval of the refreshment of the Scheme Mandate Limit;
 - options previously granted under any Existing Schemes (including options outstanding, canceled, or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the limit as refreshed; and
 - a circular regarding the proposed refreshment of the Scheme Mandate Limit has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules.
- (v) Our Company may seek separate approval from the Shareholders in the general meeting for granting options which will result in the Scheme Mandate Limit being exceeded, provided that:
- the grant is to Eligible Persons specifically identified by our Company before the approval is sought; and
 - a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules and other applicable laws and rules, in accordance with the terms of the Share Option Scheme.

(d) Maximum number of options to any one individual

No option shall be granted to any Eligible Person (the “**Relevant Eligible Person**”) if, at the relevant time of grant, the number of Shares issued and to be issued upon exercise of all Options (granted and proposed to be granted, whether exercised, canceled or outstanding) to the Relevant Eligible Person in the 12-month period expiring on the date on which an offer of the

grant of an option under the Share Option Scheme is made to the Relevant Eligible Person would exceed 1% of the total number of Shares in issue at such time, unless:

- such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by ordinary resolution of the Shareholders in general meeting, at which the Relevant Eligible Person and his associates abstained from voting;
- a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules; and
- the number and terms (including the Subscription Price) of such options are fixed before the general meeting of our Company at which the same are approved.

(e) Price of Shares

The subscription price for a Share in respect of any particular option granted under the Share Option Scheme (which shall be payable upon exercise of the option) shall be a price solely determined by the Board and notified to all Eligible Person and shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer to grant option (the "**Offer Date**"), which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of offer to grant option (provided that the new issue price shall be used as the closing price for any business day falling within the period before the listing Shares where our Company has been listed for less than five business days as at the Offer Date); and (iii) the nominal value of the Share. A consideration of RMB1.00 is payable on acceptance of the offer of an option or options.

(f) Granting options to connected persons

Any grant of options to a Director, chief executive or Substantial Shareholder of our Company or any of their respective associates is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the options). If our Company proposes to grant options to a Substantial Shareholder or an independent non-executive Director of our Company or their respective associates which will result in the number and value of Shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant in aggregate exceeding: (i) 0.1% of the Shares in issue at the relevant time of grant; and (ii) HK\$5 million, based on the closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange on the Offer Date, such grant shall not be valid unless: (A) a circular containing the details of the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules (including in particular, a recommendation from the independent non-executive Directors (excluding the independent non-executive Director who is the prospective grantee) to the independent Shareholders as to voting); and (B) the grant has been approved by the Shareholders in general meeting (taken on a poll), at which all connected persons abstained from voting in favor at such meeting.

(g) Restrictions on the time of grant of options

No offer to grant option shall be made after a price-sensitive event has come to our Company's knowledge until such event or information has been announced pursuant to the requirements of the Listing Rules. In particular, no options may be offered to be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified by our Company to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of its results for any year or half year under the Listing Rules, or quarterly or any other interim period where our Company has elected to publish them, and ending on the actual date of publication of the results for such year, half year, quarterly or interim period, as the case may be. The period which no option may be granted will cover any period of delay in the publication of results announcement.

(h) Rights are personal to grantee

An option is personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option.

(i) Time of exercise of option

Subject to the provisions of the Listing Rules and other applicable laws and regulations, the Board may in its absolute discretion when offering the grant of an option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the offer Letter) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the option in respect of all or any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the option can be exercised.

The date of grant of any particular option is the date on which the offer relating to such option is duly accepted by the grantee in accordance with the Share Option Scheme. An option may be exercised according to the terms of the Share Option Scheme and the offer in whole or in part by the grantee (or his personal representatives) before its expiry by giving notice in writing to our Company stating that the option is to be exercised and the number of Shares in respect of which it is exercised provided that the number of Shares shall be equal to the size of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. Such notice must be accompanied by a remittance for the full amount of the subscription price for the

Shares in respect of which the notice is given. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than ten years from the date of grant. No option may be granted more than ten years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting, the Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption of the Share Option Scheme by Shareholders by resolution at a general meeting.

(j) Performance target

The Board may from time to time require a particular grantee to achieve certain performance targets specified at the time of grant before any option granted under the Share Option Scheme can be exercised. There are no specific performance targets stipulated under the terms of the Share Option Scheme and the Board is currently unable to determine such restriction on the exercise of the options granted under the Share Option Scheme.

(k) Rights on ceasing to be an Eligible Person

In the event of the grantee ceasing to be an Eligible Person for any reason other than ceasing (1) by reason of summary dismissal for misconduct or other breach of the terms of his employment or other contract constituting him an Eligible Person, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offense involving his integrity or honesty or (2) by death or permanent disability the option may be exercised within one month after the date of such cessation, which date shall be (i) if he is an employee or director of our Company or any subsidiary, his last actual working day with our Company or any subsidiary whether salary is paid in lieu of notice or not; or (ii) if he is not an employee of our Company or any subsidiary, the date on which the relationship constituting him an Eligible Person ceases.

(l) Rights on death or permanent disability

In the event that the grantee of an outstanding option dies or becomes permanently disabled before exercising the option in full or at all, the option may be exercised up to the entitlement of such grantee or, if appropriate, in the circumstances described in paragraphs (n), (o) and (q), an election made by his personal representatives within twelve months after the date of his death or permanent disability.

(m) Lapse of option on misconduct, bankruptcy or dismissal etc.

If a grantee ceases to be an Eligible Person by reason of summary dismissal for misconduct or other breach of the terms of his employment or other contract constituting him an Eligible Person, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offense involving his integrity or honesty, the right to exercise the option (to the extent not already exercised) shall terminate immediately.

(n) Rights on a general offer by way of a take-over

If a general offer by way of a take-over is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, our Company shall forthwith notify all the grantees and any grantee (or his personal representatives) may by notice in writing to our Company within 21 days after such offer becoming or being declared unconditional to exercise the option to its full extent or to the extent specified in such notice.

(o) Rights on a general offer by way of a scheme of arrangement

If a general offer by way of a scheme of arrangement is made to all the Shareholders and the scheme has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith notify the grantees and any grantee (or his personal representatives) may by notice in writing to our Company within 21 days after such offer becoming or being declared unconditional to exercise the option to its full extent or to the extent specified in such notice.

(p) Rights on a compromise or arrangement

If a compromise or arrangement between our Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to the grantee (together with a notice of the existence of the provisions of this paragraph) on the same date or soon after it despatches the notice to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of two months thereafter and the date on which such compromise or arrangement is sanctioned by the court of competent jurisdiction, exercise any of his options whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Upon such compromise or arrangement become effective, all options shall lapse and determine except insofar as previously exercised under the Share Option Scheme. Our Company shall endeavour to procure that the Shares issued as a result of the exercise of Options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement.

(q) Rights on winding-up

In the event a notice is given by our Company to its Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company other than for the purpose of a reconstruction, amalgamation or scheme of arrangement, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the

existence of the provisions of this paragraph) and thereupon, each grantee (or his personal representatives) shall be entitled to exercise all or any of his options at any time not later than four business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than one business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(r) Lapse of the options

The right to exercise an option (to the extent not already exercised) shall terminate immediately upon the earliest of:

- (i) the expiry of the option period;
- (ii) the expiry of any of the periods referred to in paragraph (k), (l) or (n);
- (iii) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (o);
- (iv) subject to the compromise or arrangement referred to in paragraph (p);
- (v) the date on which the grantee ceases to be an Eligible Person by reason of summary dismissal for misconduct or other breach of the terms of his employment or other contract constituting him an Eligible Person, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become insolvent, bankrupt or has made any arrangements or compositions with his creditors generally or on which he has been convicted of any criminal offense involving his integrity or honesty or in relation to an employee of our Group;
- (vi) subject to paragraph (q), the date of the commencement of the voluntary winding-up of our Company;
- (vii) the date of commencement of the winding-up of the Company (as determined in accordance with the Companies Ordinance);
- (viii) the date on which the grantee commits a breach of paragraph (h);
- (ix) the date on which the option is cancelled by the Board as provided in paragraph (v); or
- (x) the non-fulfillment of any condition referred to in paragraph (x) on or before the date specified therein.

Our Company shall owe no liability to any grantee for the lapse of any option under this paragraph (r).

(s) *Ranking of Shares*

The Shares to be allotted and issued upon the exercise of an option shall be subject to our Memorandum and Articles of Association and the laws of the Cayman Islands for the time being in force and shall rank *pari passu* in all respects with the fully paid Shares in issue of our Company as at the date of issue and will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the date of allotment and issue.

(t) *Effect of alterations to share capital*

In the event of any alteration to the capital structure of our Company arising from capitalization of profits or reserves, rights issue, open offer (if there is a price dilutive element), consolidation, redenomination, subdivision or reduction of the share capital of our Company in accordance with applicable laws and regulatory requirements or requirements of the Stock Exchange other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party. Adjustment (if any) shall be made to (a) the number or nominal amount of Shares subject to the outstanding options; and/ or (b) the subscription price for the Shares; and/or (c) the Shares to which the option relates; or any combination thereof as the Auditors or the independent financial advisers to our Company (acting as expert not arbitrator) shall at the request of our Company certify in writing to the Board either generally or as regards any particular grantee that the adjustments are in compliance with Rule 17.03(13) of the Listing Rules and the notes thereto. Any such adjustments must give a grantee the same proportion of the issued share capital of our Company as to which that grantee was previously entitled, and any adjustments so made shall be in compliance with 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 scheme) and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time (but no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value). The capacity of the Auditors or the independent financial advisers to our Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby. The costs of the Auditors or the approved independent financial advisers to our Company shall be borne by our Company. Notice of such adjustment shall be given to the grantees by our Company.

(u) *Alteration of Share Option Scheme*

The Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the Share Option Scheme as to:

- (i) the definitions of "Eligible Person", "Expiry Date", "Grantee" and "Option Period" in the Share Option Scheme; and

- (ii) the provisions relating to the matters set out in Rule 17.03 of the Listing Rules which shall not be altered to the advantage of grantees or prospective grantees except with the prior approval of the Shareholders in general meeting (with participants and their respective associates abstained from voting). No such alterations shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alterations except with the consent or sanction in writing of such majority of the grantees as would be required of the Shareholders under the articles for the time being of our Company for a variation of the rights attached to the Shares. Any change to the authority of the Board in relation to any alterations to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting. Any alterations to the provisions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing provisions of the Share Option Scheme. Any amended terms of the Scheme or the options must comply with Chapter 17 of the Listing Rules.

(v) Cancellation of options

The Board may cancel an option granted but not exercised with the approval of the grantee of such option. No options may be granted to an Eligible Person in place of his canceled options unless there are available unissued options (excluding the canceled options) within the limit set out in paragraph (c) above from time to time.

(w) Termination of the Share Option Scheme

Our Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(x) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon:

- (i) the Listing Committee granting approval of the listing of, and permission to deal in, any Shares which may fall to be allotted and issued pursuant to the exercise of any such options;
- (ii) the passing of the resolutions by the Shareholders to approve and adopt the Share Option Scheme and to authorize the Board to grant Options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any options; and
- (iii) the commencement of dealings in the Shares on the Stock Exchange.

(y) *Disclosure in annual and interim reports*

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period, vesting period and (if appropriate) a valuation of options granted during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

2. Estate Duty, Tax and Other Indemnity

Indemnity on estate duty and taxation

Our Controlling Shareholders (the “**Indemnifiers**”) have pursuant to the Deed of Indemnity, given indemnities on a joint and several basis in favor of the Company (for itself and as trustee as its subsidiaries) in connection with, among others, any taxation which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or alleged to have been earned, accrued or received, including without limitation any tax liabilities incurred in relation to transfer pricing arrangements conducted on or before (the “**Taxation Liabilities**”) the date on which the Global Offering becomes unconditional and dealings in Shares first commence on the Stock Exchange (the “**Effective Date**”).

The Indemnifiers will however, not be liable under the Deed of Indemnity for taxation where:

- (a) to the extent that provision, reserve or allowance has been made for such Taxation Liabilities or claims in the audited accounts of our Company for the Track Record Period as set out in Appendix I to this prospectus (the “**Accounts**”);
- (b) to the extent that such Taxation Liabilities or claims falling on any of the members of our Group in respect of their current accounting periods or any accounting period commencing on or after the Listing Date would not have arisen but for some act or omission of, or transaction voluntarily entered into by, any of the members of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, other than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Listing Date, or
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing Date or pursuant to any statement of intention made in this prospectus; or
- (c) to the extent of any provision or reserve made for the Taxation Liabilities in the Accounts which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers’ liability (if any) in respect of the Taxation Liabilities shall be reduced by an amount not exceeding such provision, reserve or allowance, provided that the amount of any such provision, reserve or allowance applied pursuant

to this paragraph to reduce the Indemnifiers' liability in respect of the Taxation Liabilities shall not be available in respect of any such liability arising thereafter; or

- (d) to the extent that any Taxation Liabilities or claims arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of any other jurisdiction(s) including the PRC or any other relevant authority (whether in Hong Kong, the Cayman Islands, the BVI, the PRC or any other part of the world) coming into force after the date of the Deed of Indemnity or to the extent such taxation liabilities or claim arise or are increased by an increase in rates of such taxation liabilities or claims after the date of the Deed of Indemnity with retrospective effect.

Our Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries under the laws of the Cayman Islands, the BVI, Hong Kong and the PRC, being jurisdictions in which one or more of the companies comprising our Group are incorporated.

Other indemnity

Under the Deed of Indemnity, the Indemnifiers have also given indemnities on a joint and several basis in favor of the Company (for itself and as trustee as its subsidiaries) on demand from and against all penalties, claims, actions, demands, proceedings, litigations (without limitation to any legal costs), judgments, losses, liabilities, damages, costs, administrative or other charges, fees, expenses and fines of whatever nature which may be imposed on or incurred or suffered by our Group as a result of directly or indirectly or in connection with any non-compliance with the applicable laws, rules or regulations, by our Company and/or any members of our Group in their respective place of incorporation or operation, which has occurred at any time on or before the Effective Date.

3. Litigation

As at the Latest Practicable Date, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of our Group, that would have a material adverse effect on the results of operations or financial condition of the Group.

4. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned herein (including any Shares falling to be issued pursuant to the exercise of the Over-allotment Option and pursuant to the exercise of any options which may be granted under the Share Option Scheme). The Sole Sponsor is independent from our Company pursuant to Rule 3A.07 of the Listing Rules. The total amount of fees payable to the Sole Sponsor by our Company for sponsoring the listing of the Shares on the Stock Exchange is US\$700,000.

5. Preliminary expenses

The preliminary expenses incurred by our Company in relation to the incorporation of our Company were approximately RMB35,293.52, which were fully paid by our Company.

6. Promoters

Our Company has no promoter for the purpose of the Listing Rules.

7. Qualifications of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
BNP Paribas Securities (Asia) Limited	licensed for Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified public accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Ogier	Cayman Islands legal advisers to the Company
Jingtian & Gongcheng	PRC legal advisers to the Company
iResearch Global Inc.	Industry consultant

8. Consents of Experts

Each of the experts named in paragraph 7 above 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 summary of valuations and/or opinion and/or data (as the case may be), all of which are dated the date of this prospectus and made for incorporation in this prospectus, and references to its name included in the form and context in which it respectively appears.

None of the experts named in paragraph 7 above has any shareholding interests in the Group or any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of our Group.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, 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 so far as applicable.

10. Agency fees or commission received

The Underwriters will receive an underwriting commission, and the Sole Sponsor will receive a sponsorship fee, as referred to under the section headed “Underwriting—Total Commission and Expenses” in this prospectus.

11. Miscellaneous

- (a) Save as disclosed in the section headed “History, Reorganization and Corporate Structure” in this prospectus, within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;
 - (iv) no founders, management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued; and
 - (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of its subsidiaries.
- (b) Since 31 December 2021, being the date of our latest audited consolidated financial results as set out in “Accountants’ Report” in Appendix I to this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group.
- (c) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

- (d) Subject to the provisions of the Cayman Companies Act, the register of members of the Company will be maintained in the Cayman Islands by Ogier Global (Cayman) Limited and a branch register of members of the Company will be maintained in Hong Kong by Hong Kong Share Registrar. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.
- (e) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (f) There are no arrangements in existence under which future dividends are to be or agreed to be waived.
- (g) Our Directors have been advised that, under the Cayman Companies Act, the use of a Chinese name by the Company does not contravene the Cayman Companies Act.

12. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided under Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the 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—D. Other information—8. Consents of Experts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at ir.sinohealth.cn during a period of 14 days from the date of this prospectus:

- (a) the Memorandum of Association and Articles of Association of the Company;
- (b) the Accountants’ Report for the three years ended 31 December 2021 from Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (c) the report prepared by Ernst & Young in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for the three years ended 31 December 2021;
- (e) the PRC legal opinions issued by Jingtian & Gongcheng, our PRC legal advisers, in respect of certain aspects of PRC laws;
- (f) the letter of advice prepared by Ogier, our Cayman Islands legal advisers, summarizing certain aspects of Cayman Companies Act referred to in Appendix III to this prospectus;
- (g) the industry report prepared by iResearch Global Inc.;
- (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—D. Other Information—8. Consents of Experts” in Appendix IV to this prospectus;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE ON DISPLAY**

- (j) the rules of the Share Option Scheme;
- (k) the service contracts and appointment letters referred to in the section headed “Statutory and General Information—C. Further Information about our Directors, Management and Substantial Shareholders—3. Directors’ Service Contracts, Appointment Letters and Remuneration” in Appendix IV to this prospectus; and
- (l) the Cayman Companies Act.

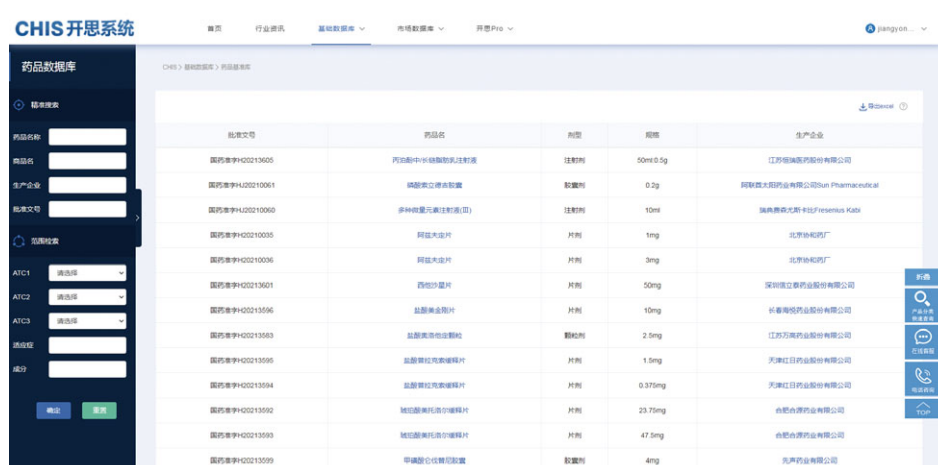
This section sets out the pictures for major interfaces of our SaaS products under Smart Decision Cloud and Smart Retail Cloud.

SMART DECISION CLOUD

CHIS

The pictures below demonstrate the major interfaces of our CHIS in both desktop and H5 mobile version.

(a) Desktop version



(b) H5 mobile version



LinkedSee

The pictures below demonstrate major interfaces of our LinkedSee.

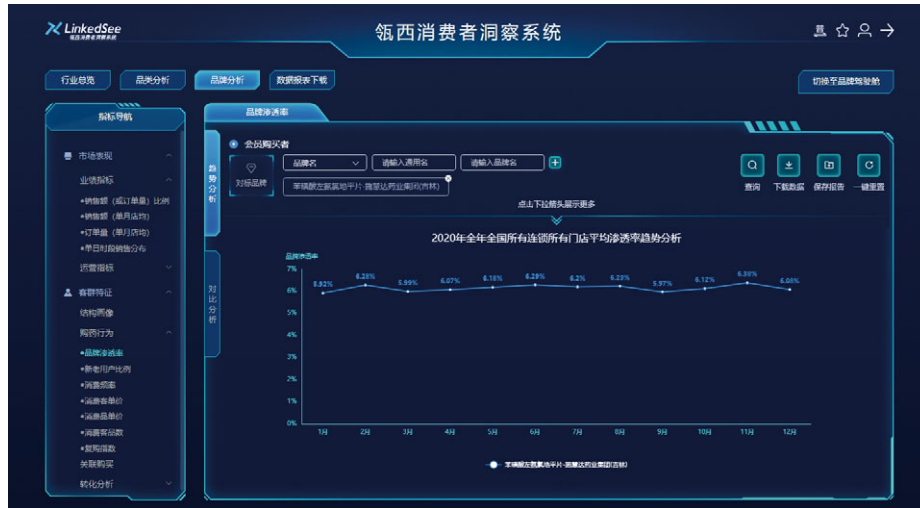
(a) Industry overview



(b) Data insights by medicine category



(c) Data insights by brand



Pharmacy Connect

The pictures below demonstrate major interface of our Pharmacy Connect.

An overview of pharmacies in different regions may be illustrated by two types of data, namely the number of stores or market potential. The following is an illustration of the number of stores by dimensions



SMART RETAIL CLOUD

SIC

The pictures below demonstrate the interfaces of our SIC back-end control port and mobile application.



中康控股有限公司
Sinohealth Holdings Limited