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An [REDACTED] in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the [REDACTED] of our Shares could decline, and you may lose all or part of your [REDACTED].

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 of 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.

Risks Related to Our Business and Industry

Our past growth may not be indicative of our future growth, and we may not be able to sustain our revenue growth rate in the future.

We were founded in 2014. As a fast-growing company with a relatively short operating history, our ability to forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for and model future growth and our revenue mix. Our revenues increased by 60.0% from RMB524.4 million in 2019 to RMB839.1 million in 2020, and further increased by 109.4% to RMB1,756.7 million in 2021. However, our revenue growth in recent periods may not be indicative of our future performance.

We believe that the growth of our revenue depends on a number of factors, including our ability to:

- innovate and adapt our products and services to meet evolving needs of current and potential customers and users;
- create and roll out new products and services;
- continually improve our products and services based on the feedback of our customers and users;
- develop or implement monetization strategies with respect to our solutions;

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- adopt new technologies or adapt our information infrastructure to customers’ and users’ changing requirements or emerging industry standards;
- introduce our products and services to customers in new geographical markets;
- attract, train and retain talent;
- attract and retain customers and users, and increase our brand awareness and recognition among existing and potential customers and users through our sales and marketing efforts;
- create new monetization opportunities with stakeholders in the healthcare industry;
- maintain and expand a network of hospitals, pharmacies, pharmaceutical and medical device companies, medical professionals, distributors and suppliers;
- maintain our supply chain advantages; and
- comply with relevant laws, regulations and policies, which may change from time to time.

We have a history of net losses and negative operating cash flow. We anticipate increasing expenses in the future, and we may not be able to achieve or maintain profitability.

We have incurred net losses on an annual basis since our inception and the amount of our net losses has been growing during the Track Record Period. We incurred net losses of RMB565.4 million, RMB2,896.9 million and RMB4,153.2 million in 2019, 2020 and 2021, respectively. To date, we have financed our operations principally from capital contributions from shareholders, equity financing, revenue from sales of our products and services, and debt financing. Our cash flow from operations was negative for the years ended December 31, 2019, 2020 and 2021. We may not generate positive cash flow from operations or profitability in any given period, and our limited operating history may make it difficult for you to evaluate our current business and our future prospects.

We expect our costs will increase substantially in the foreseeable future and our losses will continue as we expect to invest significant additional funds towards growing our business and operating as a [REDACTED] company and as we continue to invest in increasing our customer base, developing new products and services, strengthening our supply chain advantages, expanding our marketing channels and operations and hiring additional employees. These efforts may prove more expensive than we currently anticipate. If we do not achieve the benefits anticipated from

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these efforts, or if the realization of benefits is delayed, they may not result in increased revenue sufficient to offset the higher expenses or growth in our business. If our growth rate were to decline significantly or become negative, it could adversely affect our financial condition and results of operations. If we are not able to achieve or maintain positive cash flow in the long term, we may require additional financing, which may not be available on favorable terms or at all and/or which would be dilutive to our shareholders. If we are unable to successfully address these risks and challenges as we encounter them, our business, results of operations, and financial condition would be adversely affected.

In addition, we have experienced and may continue to experience shifts in our revenue mix, i.e., relative revenue contributions from different businesses. Our overall gross margin and ability to achieve profitability and grow profits may be affected by such shifts in our revenue mix due to the different margins of businesses through which we generate revenues.

Failure to monetize our solutions may materially and adversely affect our business, financial condition and results of operations.

We currently offer in-hospital solution, pharmacy solution and individual chronic condition management solution and others. We cannot guarantee that we will succeed in monetizing our solutions or that we will generate sustainable revenues or profit.

Our successful monetization substantially depends on the market acceptance of our solutions. The healthcare industry is historically slow in adapting to new trends and our solutions may fail to gain long-term market acceptance. Moreover, we may fail to demonstrate the benefit of our solutions to participants in the healthcare industry, as a result of which our solutions may be viewed as less intuitive, efficient or easy to use than traditional methods by participants in the healthcare industry.

For example, our in-hospital solution innovates the traditional approach of hospital management through a digitalized management and analytics system. Hospitals may view this new way of managing their daily operations to be not as easy to use as the traditional manual approach, and thus not accept our in-hospital solution. Similarly, patients and doctors may also believe that our individual chronic condition management solution, which allows patients with chronic conditions to be cared for remotely through mobile applications, is less reliable than traditional methods or difficult to use, in which case they may choose not to use our solution. Our potential pharmacy customers may also see our pharmacy solution as less cost-effective or difficult to use.

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We face a variety of other risks relating to monetizing our solutions, including:

- we may fail to retain and expand our base of end customers;
- we may fail to properly price our products and services;
- our monetization strategies may be limited by regulations or government policies;
- we may fail to develop or implement new monetization strategies with respect to our solutions;
- our solutions may fail to compete effectively with the competing solutions and services introduced by our competitors; and
- we may fail to satisfy the expectations of the quality or reliability of our end customers and users.

If for any reason we fail to effectively monetize our solutions, we may not be able to maintain or increase our revenue or achieve or sustain profitability, and our financial condition and prospects will be materially and adversely affected.

We are subject to extensive and evolving legal and regulatory requirements, non-compliance with or changes in which may materially and adversely affect our business and prospects.

Due to the complex nature of our business, we are subject to extensive and evolving legal and regulatory requirements applicable to multiple industries in the PRC. These industries primarily include the internet, healthcare, internet healthcare, and pharmaceutical and chronic condition product retail industries. Various regulatory authorities of the PRC government are empowered to promulgate and implement regulations governing broad aspects of these industries. Any violation of the relevant laws, rules and regulations may result in harsh penalties and, under certain circumstances, lead to criminal prosecution.

The regulations of China’s internet industry, its internet healthcare sector, and pharmaceutical and healthcare product retail industries are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. As a result, under certain circumstances, it may be difficult to determine what actions or omissions would be deemed to be in violation of applicable laws and regulations. These uncertainties entail risks that may materially and adversely affect our business prospects. Due to the uncertainty and complexity of the regulatory environment, we cannot assure you that future laws and regulations will not render our operations non-compliant or that we will always be in full compliance with applicable laws and regulations. Compliance with

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future laws and regulations may require us to change our business models and practices; the cost of these changes could be significant. These additional monetary expenditures may increase future overhead, which may, in turn, have a material adverse effect on our business, financial condition and results of operations. Additionally, our introduction of new products and solutions may require us to comply with additional, yet undetermined, laws and regulations. Our ability to do so is also largely uncertain.

For example, sales of pharmaceutical and chronic condition products in China are subject to extensive and evolving government regulation and supervision as well as monitoring by various government authorities. Certain laws, rules and regulations may affect the pricing, demand and sales of pharmaceutical and chronic condition products, such as those relating to procurement, prescription and dispensing of drugs by hospitals and other medical institutions, online sales, retail pharmacy, government funding for private healthcare and medical services, and the inclusion of products in the drugs catalogs for national basic medical insurance, on-the-job injury insurance and maternity insurance jointly promulgated by the National Healthcare Security Administration and the Ministry of Human Resources and Social Security, or the MOHRSS. We may fail to comply with new laws and regulations in this area, and any unfavorable regulatory changes in these industries may also increase our compliance burden and materially and adversely affect our business, profitability and prospects.

Internet hospital services, including our internet-based consultation and prescription services, are also subject to governmental supervision and regulation relating to both general medical institutions and online hospitals. In particular, according to the relevant laws and regulations, internet-based consultation and prescription services may only provide re-diagnoses service after confirming that the patients have been diagnosed with one or more types of such common or chronic diseases in physical medical institutions, and medical institutions including internet hospitals must carry out diagnosis and treatment activities according to the approved and registered medical subjects. On October 26, 2021, the Bureau of Medical Administration of National Health Commission published the Rules on the Regulation of Online Medical Consultation (Draft for Comments) (《互聯網診療監管細則(徵求意見稿)》), or the Draft Rules, which provide that medical institutions must authenticate the identities of physicians engaged in providing online medical treatment to ensure the legitimacy of their qualifications before practicing on an online platform, and that other personnel or AI software may not impersonate or replace those authenticated physicians. In addition, patients must provide medical records with clear diagnostic information and physicians must determine whether a patient meets the conditions for re-examination and collect documentation or electronic evidence proving that the patient has been previously diagnosed. Since the Draft Rules have not been adopted, it remains uncertain when the final rules will be released and implemented, what the final rules will be, and whether the final rules or other related regulations will have a material impact on our operations and financial performance. Therefore, it remains uncertain whether our online hospital services,

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including our internet-based consultation and prescription services, are and will be in full compliance with the relevant laws and regulations, which are evolving and subject to changes. In addition, we cannot assure you that our doctors and the patients will follow the relevant requirements in practice. Any failure to comply with such laws and regulations or any misconduct or even fraud of our doctors and patients could result in administrative penalties against us which could materially and adversely affect our business, results of operations, financial condition and prospects.

We conduct our internet-based consultation and prescription services through our internet hospitals supported by offline medical institutions. Hainan Zhiyun Telemedicine Center, our self-owned offline medical institution, had obtained its Medical Institution Practice License in accordance with the then effective guidance issued by Hainan Health Commission in 2019, or the 2019 Guidance. In May 2020, a new guidance, or the 2020 Guidance, was issued by the Hainan Health Commission, putting forward certain new requirements and standards. In the future, there may be additional regulations that require our self-owned offline medical institution to make adjustments in its business to comply with the new licensing requirements. We cannot guarantee that we will be able to successfully complete these adjustments in time and we may incur additional expenses in making such adjustments. If we fail to complete such adjustments, our reputation may be to some extent harmed. Moreover, our self-owned offline medical institution cooperates with two partners in terms of certain functional rooms. If either or both of these partners terminate their cooperation with us, we will need to find other qualified medical institutions as replacements to satisfy the licensing requirements under the 2020 Guidance for functional rooms. If we fail to find such qualified medical institutions and form collaboration relationships in a timely manner, or at all, we may not be able to pass the next applicable annual verification process, which may, in turn, affect the validity of the Medical Institution Practice License held by our self-owned offline medical institution. In addition to the self-owned offline medical institution, our internet hospitals are also supported by two third-party offline medical institutions. We cannot guarantee that these two third-party institutions will be able to maintain valid Medical Institution Practice Licenses or that they will continue their collaboration with us. In the event that such licenses held by them are invalidated or revoked or that either or both of them terminate their collaboration with us for any reason, we may be required to search for other offline medical institutions to collaborate with to support our internet hospitals or to reapply for the Medical Institution Practice Licenses for our internet hospitals. Such event may temporarily affect our online prescription and consultation services, lead to extra costs and also negatively affect our reputation. We also cannot guarantee that we will be able to find such replacements in time, or at all.

Furthermore, uncertainties relating to the evolving licensing practices give rise to the risk that some of our permits, licenses or operations may be subject to challenge, which may be disruptive to our business and operations, and subject us to sanctions, penalties, business shut-down,

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requirement for additional capital, compromise the enforceability of relevant contractual arrangements, or have other adverse effects on us. For example, (i) failure to maintain the ICP license may subject us to penalties between three times and five times of the illegal income and the shutting down of the relevant business; (ii) failure to maintain a Qualification Certificate for Internet Drug Information Services or applying it beyond its effective term may subject us to the shutting down of the relevant business; and (iii) failure to complete the filing for record of Third-party Platform for Online Trading Services for Medical Devices with competent government authority may subject us to a penalty up to RMB30,000.

Our internet information services are conducted by, and ICP license is held by, Hangzhou Kangming. See “Contractual Arrangements — PRC Laws Restricting Foreign Ownership of the Relevant Businesses — Value-added telecommunication services.” On March 29, 2022, the State Council promulgated the Decision of the State Council on Amending or Abolishing Certain Administrative Regulations, or the Decision, which came into effect on May 1, 2022. According to the Decision, the requirement of good track record and operational experience of the primary foreign investor in a foreign-invested value-added telecommunications enterprise, as stipulated in the Administrative Regulations on Foreign-Invested Telecommunications Enterprises (外商投資電信企業管理規定), was canceled. As advised by our PRC Legal Advisor, as the Decision only became effective on May 1, 2022 and no detailed guidance or implementation measures have been issued, there remain uncertainties with respect to its future impact on us, including any specific requirements that we may need to satisfy. In the event that we need or decide to reorganize our corporate structure in the future to comply with applicable laws, regulations and specific requirements or guidance, we may incur additional time, expenses and management attention to go through that process.

We are subject to risks associated with the “two-invoice system” and national centralized procurement using a volume-based procurement approach, particularly the potential expansion of the scope of products covered thereby.

In December 2016, as one of the measures of the PRC healthcare system reform, the State Council issued the Notice of Publishing Opinions on Implementing Two-invoice System in Drug Procurement Among Public Medical Institutions (For Trial Implementation) (《印發關於在公立醫療機構藥品採購中推行“兩票制”的實施意見(試行)的通知》). See “Regulatory Overview — Regulations Relating to Drugs and Medical Devices — Pharmaceutical Operation.” Currently, the “two-invoice system” is strictly implemented and followed in the sales of drugs to public medical institutions, while its application in the sales of medical devices and other medical supplies differs among provinces in China, due to the lack of a clear of these regulations requirement on such application at the national level. In addition, a national centralized procurement process using a volume-based procurement (VBP) approach has been adopted and currently has been implemented for sales of drugs and high-value medical consumables to public medical institutions.

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In 2020 and 2021, we sold certain SKUs of medical consumables in two provinces that were regulated under the “two-invoice system” at a provincial level. For details, see “Business — Risk Management and Internal Control — Two-invoice system and national centralized procurement using a VBP approach.” If we were found to be in violation of current or future regulations on the two-invoice system in relation to such sales, the potential legal consequences are uncertain, since in these two provinces, there are currently no specific legal consequences or penalties stipulated under the relevant provincial regulations, and it is uncertain what penalties, if any, would be assessed for violations of the local “two-invoice system” regulations.

Going forward, we cannot assure you that future laws and regulations, particularly the potential expansion of the scope of products covered by the two-invoice system the national centralized procurement using a VBP approach, would not render our business non-compliant, or that as we continue to grow and expand our business, we would always be in full compliance with the applicable laws and regulations relating thereto. For example, if the two-invoice system and/or the national centralized procurement using a VBP approach becomes widely adopted and implemented, including but not limited to the potential expansion of lists of medical devices and consumables regulated by certain provincial authorities under the two-invoice system and the potential expansion of the scope covered by the national centralized procurement using a VBP approach, our sales of the relevant products may be affected, and our revenue and profitability may suffer as a result. In addition, considering the current two-invoice system and the national centralized procurement using a VBP approach that regulate the sale of drugs to public medical institutions, we do not intend to sell drugs, directly or indirectly, to public medical institutions, and as such, our distributors cannot sell drugs procured from us to public medical institutions. Therefore, the implementation of the two-invoice system and the national centralized procurement using a VBP approach may cause us to lose business opportunities and limit the prospect and potential of our business. Furthermore, we cannot guarantee that our distributors will remain in full compliance with the two-invoice system and the national centralized procurement using a VBP approach as we have limited control over our distributors and are not able to direct their dealings with sub-distributors or end-costumers. Any of our distributor’s non-compliance with the two-invoice system and/or the national centralized procurement using a VBP approach may adversely affect our reputation, divert the attention of our management from our operations and adversely affect our business and results of operations.

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Maintaining industry participants' trust in our platform is critical to our success, and any failure to do so could severely damage our reputation and brand. Any damage to the reputation and recognition of our brand names, including negative publicity against us or our industry, or our directors, officers or employees, may materially and adversely affect our business operations and prospects.

We operate a comprehensive platform for various participants in China's healthcare industry for people with chronic conditions, offering solutions and products for hospitals, pharmacies, pharmaceutical and medical device companies, medical professionals, insurance companies and corporate employers as well as individual users. We have been building our brand name and reputation for our platform as we believe that our ability to maintain industry participants' trust in our products and solutions is critical to our success in the rapidly evolving market we are in. Our ability to do so is primarily affected by the following factors:

- our ability to maintain the quality of products and solutions provided on our platform;
- the breadth of our offerings of products and solutions and their efficacy in addressing our customers' and users' needs and meeting their expectations;
- the reliability, security and functionality of our products and solutions;
- our ability to adopt new technologies or adapt our infrastructure to users' and customers' changing requirements or emerging industry standards;
- our ability to increase brand awareness among existing and potential customers through various marketing and promotional activities;
- our ability to maintain relationship with distributors, suppliers and medical professionals; and
- our ability to comply with evolving regulatory requirements.

The healthcare industry is particularly reliant on consumer trust, and we depend on our reputation and brand name in many aspects of our business operations. Any loss of trust in our platform could harm the value of our brand and reputation, and result in participants ceasing to utilize, or reducing the use of, our products and solutions, which could materially and adversely affect our business, financial condition and results of operations. However, we cannot assure you that we will be able to maintain a positive reputation or brand name for all of our products. Our reputation and brand name may be materially and adversely affected by a number of factors, many of which are beyond our control, including:

- adverse publicity associated with our company and the participants on our platform, or our products and solutions;

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- negative developments in, negative perception of, or negative publicity about, any industry we operate in, including sales of prescription drugs or our internet-based consultation and prescription services;
- lawsuits and regulatory investigations against us or otherwise relating to our solutions or industry;
- adverse associations with the third party products we sell or which are sold on our platform, including with respect to their efficacy or side effects;
- improper or illegal conduct by our employees, customers or other partners; and
- improper services provided by third parties, such as distribution services provided by our distributors, sales and marketing services provided by our flexible staff, medical services provided by medical professionals and delivery services provided by logistic companies.

In addition, our online consultation and prescription services focus on chronic condition management, which requires long-term treatment, re-filling of prescriptions and condition management. As our internet hospitals cannot conduct physical diagnosis and in-person treatment due to the internet-based nature of our operations, our patients may need to go to offline hospitals periodically. Although we believe our online consultation and prescription services provide patients with convenient, efficient and comprehensive online consultation and prescription filling experience as an “anytime, anywhere” healthcare management platform and can address long-term medical needs of chronic condition patients, this inherent feature as an online medical service provider may materially and adversely affect our reputation as an effective medical service provider, which could materially and adversely affect our financial performance.

We may also face challenges from others seeking to profit from, or defame, our brand. Furthermore, there can be no assurance that our brand promotion efforts would be effective. Such efforts may be expensive, which may, in turn, materially and adversely affect our financial condition and results of operations.

Any of the foregoing may cause our products and solutions to be perceived unfavorably by customers and users, or may result in loss of potential and existing customers or business partners for our platform and, in turn, have a material adverse effect on our business, financial condition, results of operations and prospects.

Pharmaceuticals, consumables and medical devices are subject to and will continue to be subject to price restrictions, price competition and regulations in China, which could adversely affect our profitability and results of operations.

Historically, pharmaceuticals sold in hospitals in China were subject to government price controls in the form of fixed retail prices or retail price ceilings and periodic downward adjustments to these prices imposed by the National Development and Reform Commission, or the NDRC, and other authorities. Pursuant to the Notice Regarding the Opinion on Facilitating the Pharmaceutical Pricing Reform jointly issued by the NDRC and other PRC government agencies in May 2015, the price ceilings imposed by the PRC government on most pharmaceuticals other than

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narcotic and Class I psychotropic drugs were lifted since June 1, 2015. However, prior to the lifting of government price controls on drugs, the prices of prescription drugs in China had been determined through a centralized tender process, and the prices of OTC drugs in China had been determined by arm's-length, commercial negotiation and market factors such as brand recognition, market competition and consumer demand. There is no assurance that the application of the current more market-based pricing system will result in higher product pricing compared to the government-controlled pricing, as competition from other retailers, particularly those offering the same products but with lower prices, may force us to lower our sales prices to the previous government-controlled price levels. Consequently, our profitability may suffer and our business, financial condition and results of operations may also be materially and adversely affected.

Moreover, China's national medical insurance program was adopted pursuant to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program issued by the State Council in 1998, under which all employers in urban cities are required to enroll their employees in the country's basic medical insurance program. Program participants are eligible for full or partial reimbursement of the cost of medicines included in the National Reimbursement Drug List, or the NRDL. Factors that affect whether a pharmaceutical product can be included in the NRDL include whether the product is reasonably priced. In addition, the State Council and other relevant authorities issued a series of policies on deepening the reform of medical and healthcare system in 2019. According to the Notice on Issuance of the Pilot Plan regarding the Organization of Centralized Procurement and Use of Drugs by the State and the Implementation Opinions on Region Expansion of the Organization of Centralized Procurement and Use of Drugs by the State, the Chinese government planned to organize centralized procurement and use of certain types of pilot drugs to lower drug prices, reduce the burden on patients of drug costs, and lower the transaction costs of pharmaceutical enterprises. The Guidance on Improving "Internet +" Medical Service Price and Medical Insurance Payment Policies issued by the National Healthcare Security Administration on August 17, 2019, proposed to improve project management, optimize the pricing mechanism and clarify the payment policy of "Internet +" medical services.

Medical devices and consumables are also subject to price restrictions under the medical insurance program as well as centralized procurement. According to the Notice of the General Office of the State Council on Promulgation of the Reform Plan for the Control of High-value Medical Consumables, the implementation of medical insurance access and dynamic catalogue adjustments will be introduced and the formulation policies on payment with medical insurance funds is encouraged. Moreover, the Circular of the Ministry of Health on Further Strengthening the Centralized Procurement Management of Medical Devices, promulgated on June 21, 2007, provides relevant principles and approaches on strengthening the application of the medical device centralized procurement system. The Notice of the General Office of the State Council on Promulgation of the Reform Plan for the Control of High-value Medical Consumables also

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stipulates that all public medical institutions must go through public biddings and a transparent procurement process on the procurement platforms when procuring high-value medical consumables.

Although such policies may lower the transaction costs of the pharmaceutical enterprises and increase the amount of pharmaceuticals, consumables and medical devices purchased, they may also reduce the sales prices of such products and increase market competition within the relevant industries, which may materially and adversely affect our business, results of operations and financial condition. There are still uncertainties relating to the actual implementation of such policies.

If we are unable to continue to expand our hospital and pharmacy networks, our business and future growth may be adversely affected.

Our growth depends substantially on our ability to continue to expand our networks of hospitals and pharmacies, which play an instrumental role across our solutions and are key to our revenue generation and growth. We have managed to expand our hospital and pharmacy networks during the Track Record Period, which contributed significantly to our revenue growth during that period. For example, the number of hospitals that installed our hospital SaaS grew from 377 as of December 31, 2019 to 1,705 as of December 31, 2020 and further to 2,369 as of December 31, 2021, and the number of pharmacy stores that installed our pharmacy SaaS also increased from 3,002 as of December 31, 2019 to 111,413 as of December 31, 2020 and further to 172,000 as of December 31, 2021. See "Financial Information — Year-to-Year Comparison of Results of Operations."

Our ability to continue to expand our networks of hospitals and pharmacies depends on a number of factors, including our ability to offer high-quality products and solutions at competitive prices, our ability to adapt our solutions to hospitals' and pharmacies' changing needs, the performance of our products and solutions, our ability to maintain comparative strength to our competitors and the effectiveness of our marketing and sales efforts. If we fail to perform well in any of these areas, we may not be able to maintain or continue to expand our hospital and pharmacy networks, or do so as effectively as we have been able to. As a result, our business operations will be affected, and we may not be able to grow our revenues as quickly as we anticipate, or at all.

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We depend on third-party suppliers and distributors, and our revenue and operating earnings could suffer if we fail to manage these relationships properly.

Consistent with industry practice, we often rely on distributors for the distribution of our hospital SaaS and sales of hospital supplies to hospital end customers. We also work with distributors in the sales of pharmacy supplies to some pharmacy end customers. In 2019, 2020 and 2021, revenues generated from distributors constituted approximately 61.2%, 66.0% and 58.8% of our total revenue, respectively. We typically do not enter into long-term arrangements with our distributors. However, our distributors are all third parties over whom we have limited control. Our distributors may not distribute our products in the manner we contemplate, which may impair the effectiveness of our distribution network. Since our distributors generally do not sell our products on an exclusive basis, our products also compete with similar products from our competitors sold by our distributors. If these distributors choose to decrease their supply from us, decrease their procurement amount or procurement price, sell products that compete with ours, or to not partner with us at all, our business and results of operations may be adversely affected.

We source our products from our suppliers. In 2019, 2020 and 2021, purchases from our five largest suppliers in aggregate accounted for 36.3%, 21.2% and 25.1% of our total purchases, respectively, and purchases from our largest supplier accounted for 25.5%, 7.8% and 9.5% of our total purchases, respectively. We typically do not enter into long-term arrangements with our suppliers, and most of our current agreements with our suppliers do not prohibit them from working with our competitors. Our competitors may be more effective in providing incentives to our suppliers to prioritize their orders in case of short supply. If these suppliers choose not to partner with us, our business and results of operations may be harmed. We cannot assure you that we would be able to find replacement suppliers on commercially reasonable terms or a timely basis, or at all. In addition, some of our agreements with suppliers and pharmaceutical companies who use our digital marketing services include minimum purchase commitments. If we cannot achieve the commitment in these agreements, we cannot receive our commission in full amount or at all, or our suppliers or pharmaceutical companies may choose to adjust the terms of the agreements or terminate cooperation with us. Some of these suppliers are of material importance to our business and we may not be able to replace them on terms acceptable to us or at all.

We also incur significant upfront costs to build our relationships with suppliers and distributors and rely on the sale of products to generate revenues. If we fail to effectively maintain these relationships, our business and results of operations may be adversely affected.

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We are subject to risks associated with our relationship with pharmaceutical and medical device companies in relation to our product sales and digital marketing services.

Through our partnerships with pharmaceutical and medical device companies, we have access to a variety of medical products at competitive prices. Sales of medical devices, consumables, pharmaceuticals and miscellaneous accounted for 73.3% and 68.8% of our total revenues in 2020 and 2021, respectively. Additionally, our digital marketing services to pharmaceutical companies are a fast-growing and increasingly important component of our overall business, contributing to 17.8% and 22.9% of our total revenues in 2020 and 2021, respectively. The number of transacting pharmaceutical companies increased from 5 in 2019 to 13 in 2020 and further to 15 in 2021. Our results of operations and prospects are thus significantly dependent on our relationship and continued cooperation with pharmaceutical and medical device companies. We cannot assure you that we will be able to maintain a good relationship with pharmaceutical and medical device companies or maintain our cooperation with them on terms acceptable to us. If we lose any of our current pharmaceutical and medical device company partners for any reason, we cannot guarantee that we will be able to find alternative partners on terms acceptable to us, or at all. Furthermore, we usually enter into exclusive contracts with pharmaceutical companies to conduct digital marketing services in a specific region for a specific SKU and we are the exclusive distributor of certain products in certain regions. We cannot assure you that our partners will not terminate such exclusive relationship with us and divert part or all of their business to our competitors. In the event that we fail to maintain our relationship and cooperation with pharmaceutical and medical device companies or lose exclusivity with certain partners, our results of operations, financial condition and prospects may be materially adversely affected.

We may fail to attract or retain sufficient users or medical professionals for our individual chronic condition management platform.

We have built and are continuing to grow a broad individual user base. The number of registered users increased from approximately 8.4 million as of December 31, 2019 to approximately 17.1 million as of December 31, 2020 and further to approximately 23.8 million as of December 31, 2021. Our ability to acquire and retain sufficient users for our individual chronic condition management platform primarily depends on the overall experience we provide to our users as well as the actual or perceived effectiveness of our services. In order to attract and retain users for our individual chronic condition management solution and others, we must continue to build our brand and reputation, as well as effectively market and precisely target our solution to prospective users. To retain and engage our user base, we must provide personalized, superior user experience, offer quality services covering a wide range of user demands and cultivate users' stickiness to our platform. However, we cannot assure you that our users will consider their experience satisfactory or our services effective. In addition, some users may encounter difficulties in navigating our platform or experience technical difficulties.

We also need to attract and retain sufficient medical professionals to our platform for our online healthcare services. As of December 31, 2021, we had over 87,000 medical professionals on our platform providing online healthcare services. We cannot assure you that these medical professionals will stay on our platform or that we will be able to attract more medical professionals to our platform. For example, as doctors have responsibilities at the hospitals where

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they work, they may be unwilling or unable to set aside additional hours from their schedule to participate in our online healthcare services. Furthermore, they may not share our vision about online healthcare services and may prefer to focus on their traditional practices. Furthermore, our competitors may offer greater subsidies or compensation to attract our medical professionals to their platforms, and those medical professionals may not stay at our platform or their engagement in our platform may decrease. If we fail to attract or retain sufficient number of medical professionals, our medical services may not further develop and we may not be able to provide satisfactory services or user experience.

If we fail to address any of the foregoing or other similar challenges, we may be unable to attract new users and existing users may become dissatisfied with our online healthcare services and discontinue their engagement with us. As a result, our business, results of operations and financial condition could be materially and adversely affected.

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

The chronic condition management market in China is highly competitive. We face intense competition from both established players and new entrants to the market. See “Industry Overview” and “Business — Competition” for more details.

Some of our competitors may have better brand recognition, larger scale of operations, longer operating histories, more implementation experience, larger user or customer base and greater financial, technical and marketing resource than we do. Some of our competitors in the industry have recently undergone market consolidation, which may put us at a disadvantage in terms of size, brand recognition, user or customer base, database and bargaining power. Moreover, new competitors with better brand recognition, financial and technical resources may enter market or further expand into the market and compete with us.

Moreover, our growth partly depends on our advantage in technologies for chronic condition management and the SaaS products we provide to hospitals and pharmacies. As our industry is relatively new, new technology breakthroughs may adversely affect our competitive edge and hence our business, financials and results of operations. If we fail to offer effective products and solutions and keep creating values for participants in the chronic condition management market, our business, financial condition and results of operations may be materially and adversely affected.

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We face risks related to COVID-19 and other pandemics, natural disasters, wars, terrorist activities and similar events, which could significantly disrupt our operations.

Since late January 2020, the outbreak of a novel strain of coronavirus, later named COVID-19, has affected China and other parts of the world. In order to contain the spread of the coronavirus, the Chinese government imposed widespread lockdowns, closure of workplaces and restrictions on mobility and travel to contain the spread of the virus restrictive visit measures in venues such as hospitals. The COVID-19 pandemic has also resulted in temporary closures of many corporate offices, manufacturing facilities and factories across China. Many of the quarantine measures within China have since been relaxed. However, relaxation of restrictions on economic and social activities may lead to new cases which may lead to re-imposed restrictions. China has experienced upticks in cases that have prompted selective restrictions in affected regions. For example, in the summer of 2021, there was an uptick in cases in Nanjing, Jiangsu Province, attributed to the highly contagious Delta variant. The outbreak in Nanjing spread to many other provinces and cities in China. Certain travel restrictions and other limitations were imposed in various places in response to these new cases. In September 2021, there was another outbreak in Fujian province, which led to the imposition of travel curbs and other restrictive measures by the local governments.

During the early stage outbreak of COVID-19, primarily due to the restrictions on economic and social activities imposed by the Chinese government, restricted access to hospitals, and the economic uncertainties caused by the COVID-19 outbreak, we saw a decrease in demand for certain medical products and services from hospital, pharmacy and individual end customers and delays in the installation of our SaaS products by certain hospitals and pharmacies. As the situation in China eased, we have resumed normal operations and have seen an increase in demand for our solutions and a bounce-back in demand for our medical devices, consumables and pharmaceuticals. However, since early 2021, the installation of our hospital SaaS has been affected due to social distancing and other precautions taken by many hospitals.

While vaccines for COVID-19 have been developed and deployed, there is no guarantee that any such vaccine will be effective as expected, or will be made available and accepted on a significant scale and in a timely manner. Furthermore, certain variants such as the Delta variant have proven to be more severe or more resistant to vaccines. As a result, the global spread of COVID-19 pandemic in a significant number of countries around the world has significantly intensified, and the duration and extent of the impact of COVID-19 outbreak cannot be reasonably estimated at this time. The extent to which the COVID-19 pandemic and efforts to control it may affect our results of operations, financial condition and cash flow will depend on the future developments of the outbreak, which are highly uncertain and cannot be predicted.

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In addition to the impact of COVID-19 as described above, our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreak of other widespread health epidemics, such as swine flu, avian influenza, severe acute respiratory syndrome, Ebola, or Zika or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of such a disaster or prolonged outbreak of an epidemic illness or other adverse public health developments in the regions we operate in could materially disrupt our business and operations. Such events could also significantly affect our industry and cause a temporary closure of the facilities we use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition, results of operations and prospects. Our operations could be disrupted if any of our employees were suspected of having any of the epidemic illnesses, since this could require us to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenues could be materially reduced to the extent that a natural disaster, health epidemic or other outbreak harms the Chinese or global economy in general. Our operations could also be severely disrupted if our customers, suppliers or other participants were affected by such natural disasters, health epidemics or other outbreaks.

We may also be subject to social and natural catastrophic events that are beyond our control, such as natural disasters, health epidemics, riots, political and military upheavals and other outbreaks in the country or region where we have our operations or where a portion of our users are located. Such events could significantly disrupt our operations and negatively impact our business, financial condition, results of operations and prospects.

We are subject to a variety of risks associated with our hospital supplies, pharmacy supplies and chronic condition products businesses.

We sell medical devices, consumables, pharmaceuticals and miscellaneous, directly or through distributors, in our hospital supplies, pharmacy supplies and chronic condition products business, which is subject to a variety of risks, including:

- inability to timely respond to changes in the needs and preferences of hospitals, pharmacies and patients;
- inability to meet required storage conditions and stock adequate supplies of products that meet demands;
- failure to implement effective pricing and other strategies in response to market competition or failure to implement our business strategies on schedule or within our budget;

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- inability to obtain and maintain regulatory or governmental permits, approvals and clearances, or to pass PRC government inspections or audits;
- inability to comply with applicable laws and regulations, such as Drug Administration Law and the two-invoice system;
- inability to successfully execute effective advertising, marketing and promotional programs necessary to maintain and increase awareness of our brand and products;
- overall consumer spending on healthcare in China;
- the risks of, and liabilities resulting from, any contamination, injury or other harm caused by any use, misuse or misdiagnosis involving products sold by us; and
- inability to maintain relationship with pharmaceutical and medical device suppliers.

The occurrence of any such risks in our product sales businesses may damage our overall business and reputation, and may have a material and adverse effect on our business, financial condition, reputation, and results of operations.

The loss of one or more of our major customers could affect our business, financial condition and prospects.

Our future success is dependent on establishing and maintaining successful relationships with a diverse set of customers. The identity of our major customers may vary from period to period, but it is likely a limited number of customers may contribute a significant proportion of our revenues for the foreseeable future. In 2019, 2020 and 2021, our largest five customers accounted for 30.9%, 26.5% and 30.1% of our total revenues, respectively, and revenue from our largest customer alone accounted for 13.7%, 5.9% and 8.3% of our total revenues during each of these years. See “Business — Customers.” The loss of one or more major customers may reduce our respective total revenue. If we fail to maintain existing major customers or develop relationships with other customers, our business, financial condition and prospects may be materially affected.

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Our business generates, processes and has access to a large amount of data, and the improper use or disclosure of such data could harm our reputation as well as have a material adverse effect on our business and prospects.

Although we do not process or store in-hospital data, we have access to a large amount of personal, transactional, demographic and behavioral data generated from our pharmacy SaaS and individual chronic condition management platform. See “Business — Data Privacy and Security.” We face risks inherent in handling large volumes of data and in securing and protecting such data. In particular, we face a number of data-related challenges related to our business operations, including:

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

Regulatory requirements regarding the protection of such data are constantly evolving and can be subject to significant change, making the extent of our responsibility in that regard uncertain. Under certain regulations, rules and measures promulgated by the Ministry of Industry and Information Technology of the People’s Republic of China, or the MIIT, since 2011, any collection and use of a user’s personal information by an internet services provider must be subject to the consent of the user or any other legitimate conditions specified by laws and regulations, abide by the principles of legality, rationality and necessity, and be within the specified purposes, methods and scopes. The internet services provider must keep all information collected strictly confidential and is prohibited from divulging, tampering with or destroying any such information, or selling or providing such information to other parties. Moreover, the PRC governmental authorities have, in recent years, promulgated certain laws and regulations in respect of information security, data collection and privacy protection regulations, such as the Civil Code, Cyber Security Law, Provisions on Protection of Personal Information of Telecommunication and Internet Users, and the Data Security Law that took effect on September 1, 2021. In particular, the Cyber Security Law, which became effective in June 2017, is formulated to maintain network security, safeguard the cyberspace sovereignty, national security and public interests, protect the lawful rights and interests of citizens, legal persons and other organizations, and further enhance personal information protection, such as through requirements on the collection, use, processing, storage and disclosure of personal information. Measures for Cyber Security Review, which became effective on February 15, 2022, sets forth the cybersecurity review mechanism for critical information infrastructure operators and online platform operators, and provides that critical

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information infrastructure operators purchasing network products and services and online platform operators carrying out data processing activities that affect or may affect national security shall conduct a cybersecurity review. The Data Security Law provides for a security review procedure for the data activities that may affect national security. See “Regulatory Overview — Regulations Relating to Internet Information Security and Personal Informational Protection” for more details.

On January 4, 2022, the Cyber Administration of China, together with 12 other departments, promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), or the New CAC Measures, which came into effect on February 15, 2022 and would repeal the previous version promulgated on April 13, 2020. According to the New CAC Measures, critical information infrastructure operators purchasing network products and services and online platform operators carrying out data processing activities that affect or may affect national security shall conduct a cybersecurity review. Network platform operators holding personal information of more than 1 million users seeking to be [REDACTED] abroad must apply for a cybersecurity review as well. There remain substantial uncertainties with respect to the interpretation and applicability of the New CAC Measures, especially the criteria for the determination of the risks that “affect or may affect national security”. It also remains uncertain whether the future regulatory changes would impose additional restrictions on companies like us. We cannot predict the impact of the CAC Measures, if any, at this stage, and we will closely monitor and assess any development in the rule-making process. If, based on the enacted version of the CAC Measures and other relevant rules and regulations, we will be subject to increased scrutiny regarding data security and data protection, we face uncertainties as to whether we can timely comply with such heightened requirements, or at all. If we are not able to comply with the cybersecurity and data privacy requirements in a timely manner, or at all, we may be subject to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from the relevant application stores, among other sanctions, which could materially and adversely affect our business and results of operations.

On November 14, 2021, the CAC published the Draft Regulations on Network Data Security Management, which differentiates “[REDACTED] in Hong Kong” from “[REDACTED] in a foreign country.” However, according to the Draft Regulations on Network Data Security Management, seeking a [REDACTED] in Hong Kong that has or could have an impact on national security should be reported to competent authorities and undergo the cybersecurity review. According to National Security Law of the PRC (《中華人民共和國國家安全法》) that was issued by the Standing Committee of the National People’s Congress on July 1, 2015 and became effective on the same date, national security refers to a status in which the regime, sovereignty, unity, territorial integrity, welfare of the people, sustainable economic and social development, and other vital interests of the state, and the capability to maintain a sustained security status are not faced with any danger and not threatened internally or externally. However, the criteria for determining “affect or may affect national security,” which is the term used in the Draft Regulations on Network Data Security Management, remain uncertain, and are still subject to

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further clarification by the CAC. Due to the uncertainty on the interpretation and application of the Draft Regulations on Network Data Security Management, there can be no assurance that our [REDACTED] on the Hong Kong Stock Exchange as well as our data processing activities will not be deemed to have or potentially have an impact on national security. If our [REDACTED] were deemed to have or potentially have an impact on national security in the process of applying for [REDACTED] on the Hong Kong Stock Exchange, and we failed to conduct cybersecurity review according to the relevant laws and regulations, we could be requested to take rectification actions, subject to disciplinary warning, and/or be imposed to an administrative penalty ranging from RMB50,000 to RMB500,000 for a single violation incident. Furthermore, if such violation causes material impact, we may be subject to more severe penalties, such as revocation of relevant practicing licenses and permits. In addition, if for any reason we fail to meet relevant requirements of the Draft Regulations on Network Data Security Management when it becomes effective, we might be subject to harsh penalties, warnings, suspension of our business or revocation of our practicing licenses and permits, which could have significant and adverse impact on our business operation as well as financial performance.

Because the Civil Code, Cyber Security Law and relevant regulations, rules and measures are relatively new, there are uncertainties as to the interpretation and application of these laws and regulations, and it is possible that our data protection practices are or will be inconsistent with regulatory requirements. Any violation of the provisions and requirements under the Cyber Security Law and other relevant regulations, rules and measures may subject us to warnings, fines, confiscation of illegal gains, revocation of licenses, suspension of business, shutting down of websites or even criminal liabilities. Complying with such requirements could cause us to incur substantial expenses or to alter or change our practice in a manner that could harm our business. Any systems failure or security breach or lapse that results in the unauthorized release of data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability. For example, on March 12, 2021, the CAC, MIIT, Ministry of Public Security and State Administration for Market Regulation jointly issued the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》) to provide further guidance over personal information security and privacy protection. The relevant authorities launched several rectification actions, including, among others, the MIIT's inspection of mobile application software and urging of enterprises with problems to rectify.

Our privacy policies and practices concerning the collection, use and disclosure of data are posted on our mobile app. Although we have developed systems and processes designed to protect such data generated in our course of business, we can provide no assurance that such measures will provide absolute security or are absolute consistent with regulatory scrutiny. For example, recently, our app was criticized by the Ministry of Industry and Information Technology of the PRC and Zhejiang Communications Administration for collecting excessive users' personal information and forcing users to allow notification push functions. Though we have timely

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rectified these issues, we cannot assure you that our apps now comply and will continue to comply with all applicable laws and regulations. Any failure, or perceived failure, by us to comply with our privacy policies or with any applicable regulatory requirements or privacy protection-related laws, rules and regulations could result in proceedings or actions against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business model or practices, increase our costs and severely disrupt our business, which may materially and adversely affect our business, financial condition, results of operations and prospects.

If we are unable to develop and release new products and solutions, or successfully and timely add enhancements, new features and modifications to our existing products and solutions, our business could be adversely affected.

In order to grow our business, we must continually improve and enhance our existing products and solutions, such as by adding new features and modification to them. We also need to keep identifying new industry pain points and track evolving market demands in order to timely release new products and solutions and optimize our existing products and solutions to create value for healthcare industry participants. There is no assurance that we will be able to forecast and predict new demands and needs of our customers and users. Neither can we be assured that we will be able to keep up with healthcare solution technology development or our competitor's technological developments. There are also risks involved in releasing new solutions and/or services. For example, our new solutions may achieve low market acceptance, and our sales and marketing strategies for our new solutions may be ineffective. Moreover, the performance of certain of our existing products and solutions, which account for a majority of our revenues, may be adversely affected by our introduction of new solutions by other providers.

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

We invest significant resources in a variety of different marketing and brand promotion efforts designed to enhance our brand recognition and increase sales of our products and solutions. However, our brand promotion and marketing activities may not be well received and may not result in the levels of sales that we anticipate. Meanwhile, marketing approaches and tools in the PRC internet healthcare market are continually evolving, which may require us to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and customer preferences. If we fail to refine our existing marketing approaches or to introduce new marketing approaches in a cost-effective manner, our market share could fall, which could materially and adversely affect our financial condition, results of operations and profitability.

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If we fail to effectively manage our growth, we may be unable to execute our business plan or adequately address competitive challenges, which could adversely affect our business, financial condition and results of operations.

Our business has become increasingly complex in terms of business model, coverage and scale. Any future expansion may increase the complexity of our operations and place a significant strain on our managerial, operational, financial and human resources. Our current and planned personnel, systems, procedures and controls may not be adequate to support our future operations. We cannot assure you that we will be able to effectively manage our growth or to implement all plans, procedures and control measures successfully. If we are unable to manage our growth effectively, our business and prospects may be materially and adversely affected.

We are also continually executing new initiatives, strategies and operating plans designed to enhance our business, such as continuing to expand our hospital and pharmacy network, continuing to grow our user and doctor base, and continuing to invest in product and technology innovation. See "Business — Our Growth Strategies." These initiatives are new and evolving, some of which are still at the inception or trial stage, and may prove unsuccessful. We may not be able to successfully complete these growth initiatives, strategies and operating plans and realize the benefits that we expect to achieve. If, for any reason, the benefits we realize from these initiatives are less than our expectations, or the implementation of these growth initiatives, strategies and operating plans costs more than we have expected, our business, financial condition and results of operations may be materially and adversely affected.

In addition, we may from time to time seek and pursue opportunities through acquisitions, joint ventures or strategic partnerships for expansion, and we may face similar risks and uncertainties through these arrangements as those described above. Even if we manage to successfully complete an acquisition or establishment a joint venture or strategic partnership, we may face difficulties in integrating the new business and may not achieve the synergies as we have expected. Failure to properly address these risks and uncertainties may materially and adversely affect our ability to carry out acquisitions and other expansion plans, integrate and consolidate newly acquired or newly formed businesses, and realize all or any of the anticipated benefits of such expansion, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Claims made against us due to services provided by the doctors on our platform may have a material and adverse effect on our business, financial condition and results of operations.

Doctors on our platform may provide sub-standard services, mishandle sensitive information, engage in other misconduct or commit medical malpractice, all of which could subject us to medical liability claims. Furthermore, similar to their practice at hospitals, doctors' practice on our platform is subject to risks inherent to the medical practice such as misdiagnose and erroneous

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prescriptions, which could also subject us to medical and consumer liability claims. Our business, financial condition, results of operations and reputation may be materially and adversely affected if any such claims are made against us in connection with these actions that are not fully covered by insurance. See “— We may become subject to product liability and medical liability claims, which could cause us to incur significant expenses and be liable for significant damages if not covered by insurance. We may also be subject to reputational harm because of these liability claims.” Doctors on our platform work remotely, and we have limited control over them as well as the quality of their online medical consultation services. There can be no assurance that our risk management procedures will be sufficient to monitor their performance and control the quality of their work. If doctors on our platform fail to comply with applicable laws in relation to the provision of consultation services on our platform, our user experience could deteriorate, and we may suffer as a result of any actual or alleged misconduct by them, which could materially and adversely affect our business, financial condition, results of operations and reputation.

We may become subject to product liability and medical liability claims, which could cause us to incur significant expenses and be liable for significant damages if not covered by insurance. We may also be subject to reputational harm because of these liability claims.

We are exposed to risks inherent in marketing, distributing and selling medical devices, consumables and pharmaceuticals and providing online healthcare services in China. Risks related to the marketing distribution and sales of products may arise from our hospital supplies business under in-hospital solution, our pharmacy supplies business under pharmacy solution and our chronic condition products business under our individual chronic condition management solution and others. Claims, user complaints or administrative penalties may arise if any of our products are deemed or proven to be unsafe, ineffective or defective, or they are found to contain illicit substances. We may also be subject to allegations of having engaged in practices such as improper filling of prescriptions, sales of counterfeit or substandard medicines or other chronic condition products, or providing inadequate warnings or insufficient or misleading disclosures of side effects.

In addition, in the event that any use or misuse of the products we sell results in any medical incidents, personal injury, suicide or death, product liability claims may be brought against us for damages. If we are unable to defend ourselves against such claims, among other things, we may be subject to civil liabilities for physical injury, death or other losses caused by our products, to criminal liabilities, and to the revocation of our business licenses or relevant permits. In addition, we may be required to suspend sales or cease sales of the relevant products.

Any product liability claims made against us could cause negative publicity, impairment of users’ confidence in us, significant decrease in sale volume or may result in fines and penalties from regulatory authorities. Any claims made against us could be costly to defend against, result in substantial damage awards against us and divert the attention of our management team from our

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operations, which could have a material adverse effect on our business, financial condition, results of operations and reputation. In the event that such product liability claims are attributable to our suppliers or business partners, there can be no assurance that we will obtain full indemnification from them. Even if we do, our reputation may still be severely impaired.

In addition, we face risks of medical liability claims against doctors on our platform and us in connection with our online healthcare services. Such risks may arise from our individual chronic condition management solution and others. Our online consultation and prescription services focus on chronic condition management, which requires long-term treatment, re-filling of prescriptions and condition management. Our online hospitals do not provide initial or physical diagnoses to patients through our internet hospital, and our services focus on providing patients with chronic conditions who have already obtained their initial diagnoses elsewhere and require prescription renewal. To ensure our full-time doctors and part-time doctors who have completed the multi-site registration under our internet hospital to properly assess the relevant patients' medical conditions, we require patients to upload their previously issued prescriptions and other initial and/or subsequent medical records before obtaining prescription renewal from us. However, we cannot assure that the medical records provided by patients are entirely authentic, accurate, complete and up-to-date, or at all, which may affect professional judgement of our doctors, lead to misdiagnose and erroneous prescriptions and further subject us to medical liability claims. Although any medical claims against us and/or doctors on our platform based on inauthentic, inaccurate, incomplete and outdated medical records provided by patients may not have merit, such medical claims may divert the attention of our management from our operations, cause negative publicity concerning our services and even impair users' confidence in us, which may materially and adversely affect our business operations, reputation and brand names. Furthermore, doctors on our platform may provide sub-standard services, mishandle sensitive information, engage in other misconduct or commit medical malpractice, which could subject us to medical liability claims. Although we carry insurance covering medical malpractice claims in amounts that we believe are appropriate in light of the risks attendant to our business, successful medical liability claims could result in substantial damage awards that may exceed the limits of our insurance coverage.

Any claims made against us that are not fully covered by insurance could be costly to defend against, result in substantial damage awards against us, divert the attention of our management from our operations cause negative publicity concerning our services and even impair users' confidence in us, which could have a material adverse effect on our business, financial condition, results of operations and reputation.

The sale of prescription drugs is subject to stringent scrutiny, which may expose us to risks and challenges.

The sale of prescription drugs in China is subject to stringent scrutiny, which may expose us to risks and challenges. In particular, under the Administrative Measures for the Supervision and Administration of Circulation of Pharmaceuticals promulgated by the CFDA in 2007, a company is prohibited from either selling prescription drugs to consumers without a prescription or selling prescription drugs via internet or by post. A company in violation of such prohibitions will be

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instructed to rectify, given a disciplinary warning, and imposed an administrative penalty of no more than RMB30,000 per violation. In 2019, the newly revised Drug Administration Law of the People's Republic of China, or the Drug Administration Law, abolished the prohibition on online sale of prescription drugs, and the principle of keeping online and offline sales consistent was explained in the press conference of the promulgation of the Drug Administration Law. In November 2020, NMPA published for public comment the Draft Measures for the Supervision and Administration of Online Pharmaceuticals Sales, or the Draft Measures, aiming to enhance the supervision of online pharmaceutical sales and related platform services. The Draft Measures provide specific and explicit rules for online sales of prescription drugs and related platform services, which is perceived to be more conducive to online prescription drug sellers including us, but also presents challenges for us to be in compliance. The Draft Measures provide that, among others, online prescription drug sellers must (i) ensure the accuracy and reliability of the source of e-prescription, (ii) keep records of any e-prescription for at least five years and no less than one year after the expiration date of the prescription drugs, and (iii) disclose safety warnings including "prescription drugs should only be purchased and used with prescriptions and guidance of licensed pharmacists" when displaying information of prescription drugs. In the opinion of our PRC counsel, Tian Yuan Law Firm, the Draft Measures were released for public comment only and their operative provisions and the anticipated adoption or effective date may be subject to change with substantial uncertainty. We will closely monitor and assess the trajectory of the rule-making process. In April 2021, the General Office of the State Council released the Opinions on serving "Six Stable" and "Six Guarantee" to Further Improve the Reforms to Streamline Administration, Delegate Powers and Improve Regulation and Services, the online sales of prescription drugs, other than those under special state-management, are permitted if the authenticity and reliability of the sources of e-prescription are assured.

We refer orders for prescription drugs, either from orders on Health Mall or prescribed by doctors using our platform, to third-parties or our own pharmacies. It remains uncertain whether the sale of prescribed drugs by third party pharmacies through our platform is and will continue to be in full compliance with the relevant laws and regulations or any new laws and regulations that may be promulgated in the future, which are evolving and subject to change. Any failure to comply with such laws and regulations could subject us to disciplinary warnings and administrative penalties, which may in turn materially and adversely affect our business, results of operations, financial condition and prospects. Additionally, we cannot assure you that the measures and mechanism we use to monitor regulatory compliance in these areas will be effective or sufficient. There may be loopholes in our scrutiny measures and such measures may not be able to timely and effectively detect prescription abuse or fraudulent orders. As the methods used to bypass or cheat our scrutiny measures may change frequently and may not be recognized until they succeed, we may be unable to anticipate these methods or to implement adequate preventative measures. Failure to effectively control the sale of prescription drugs could expose us to liability under PRC laws and regulations, which may incur significant liability and our business, financial condition and results of operations could be materially and adversely affected. In addition, failure by pharmacies on online platforms to effectively screen the sale of prescription drugs could expose them to liability under PRC laws and regulations, which, in turn, may have a negative impact on our reputation and on our financial condition and results of operations.

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Product return and exchange may affect our results of operations.

We generally do not accept product returns, which is in line with market practice and is in accordance with relevant laws and regulations regarding drugs and medical devices sold such as the Good Supply Practice for Pharmaceutical Products (《藥品經營質量管理規範》). See “Regulatory Overview — Regulations Relating to Drugs and Medical Devices”. However, we permit the return and exchange of certain of our products in certain circumstances for product quality reasons. In the future, we may also be required by law to adopt new or amend existing return and exchange policies from time to time. Product return and exchange subject us to additional costs and expenses which we may not recoup through increased revenue.

If our product return rates increase or are higher than expected, our revenues and costs can be negatively impacted. Furthermore, we may experience an increase in our inventory balance, inventory impairment and fulfillment cost, which may materially and adversely affect our working capital. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We may incur liability or become subject to administrative penalties for counterfeit, substandard or unauthorized products sold on our platform, or for products sold on or content posted on our platform that infringe on third-party intellectual property rights, or for other misconduct.

We source our products from various suppliers. Pharmacies selling through our online platform are separately responsible for sourcing the products they sell on our platform. Although we have adopted measures to verify the authenticity and authorization of products sold through our platform and avoid potential infringement of third-party intellectual property rights in the course of sourcing and selling products, we may not always be successful.

If counterfeit, substandard, unauthorized or infringing products are sold on our platform or infringing content is posted on our platform, we could face liability claims. We may in the future receive claims alleging our infringement of third parties’ rights. Irrespective of the validity of such claims, we could incur significant costs and efforts in either defending against or settling such claims. If there is a successful claim against us, we could be required to pay substantial damages or refrain from further sale of the relevant products. Potential liability under PRC law if we are found to have negligently participated or assisted in infringement activities associated with counterfeit goods includes injunctions to cease infringing activities, rectification, compensation, administrative penalties and even criminal liability. Moreover, such third-party claims or administrative penalties could result in negative publicity and our reputation could be severely damaged. Any of these events could have a material and adverse effect on our business, results of operations or financial condition.

We require most of our suppliers to indemnify us for any losses we suffer or any costs that we incur due to any counterfeit, substandard, unauthorized or infringing products we source from these suppliers or any such products sold by these pharmacies in such agreements with suppliers.

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However, not all of our agreements with suppliers and pharmacies have such terms, and for those agreements that have such terms, we may not be able to successfully enforce our contractual rights and may need to initiate costly and lengthy legal proceedings in China to protect our rights.

We may be subject to claims under consumer protection laws, including health and safety, claims and product liability claims, if property or people are harmed by the products and services provided through our platforms.

The PRC government, media outlets and public advocacy groups are increasingly focused on consumer protection. As part of our business, we offer medical devices, consumables, pharmaceuticals and miscellaneous on our online retail platform. Such activities pose increasing challenges to our internal control and compliance systems and procedures, and expose us to substantial increasing liability, negative publicity and reputational damage arising from consumer complaints, harms to personal health or safety or accidents involving products or services offered through our platforms or provided by us. Operators of e-commerce platforms are subject to certain provisions and liabilities of consumer protection laws even where the operator is not the merchant of the product or the provider of service purchased by the consumer. In addition, if we do not take appropriate remedial action against merchants or service providers for actions they engage in that we know, or should have known, would infringe upon the rights and interests of consumers, we may be held jointly liable for infringement alongside the merchant or service provider. We may also be held jointly liable with the merchants under the applicable PRC law if we fail to take necessary actions when we know or should have known that the products or services provided by the merchants on our platforms do not meet personal and property security requirements, or otherwise infringe upon consumers’ legitimate rights. Under the applicable PRC law, we may be subject to penalties of up to RMB2,000,000 if we are found to breach the relevant consumer protection laws applicable to operators of e-commerce platforms, in addition to other potential administrative and civil liabilities. Moreover, applicable consumer protection laws in China hold that platforms will be held liable for failing to meet any undertaking that the platforms make to consumers that is favorable to the consumers with regard to products listed on their platforms. Furthermore, we are required to report to the SAMR, formerly known as the SAIC, or its local branches any violation of applicable laws, regulations or SAMR rules by merchants or service providers, such as sales of goods without proper license or authorization, and we are required to take appropriate remedial measures, including ceasing to provide services to the relevant merchants or service providers. We may also be held liable if we fail to verify the licenses or qualifications of merchants, or fail to safeguard consumers with respect to products or services affecting consumers’ health or safety.

If we or the distributors we leverage are removed from certain hospital vendor lists or fail to be included when those lists are renewed, our ability to conduct business could be materially impaired.

We sell medical devices, consumables and pharmaceuticals to hospital end customers either through direct sales or distributors. Chinese hospitals in general do not procure pharmaceuticals, consumables and medical devices from vendors that are not on their vendor lists. In particular,

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public hospitals are generally required by the relevant regulatory authorities to procure from a vendor list. Vendors on that list must be approved and the list is subject to renewal. The process of being included on hospitals' vendor lists is complicated and time-consuming. We have been listed on the vendor lists of some hospitals, and we leverage certain distributors who are listed on hospital vendor lists. To the extent that we or those distributors are removed from the relevant hospital vendor lists or fail to be included when the lists are renewed for any reason, including but not limited to our or the distributors' failure to meet any qualification required by the hospitals, our ability to sell medical devices, consumables and pharmaceuticals, directly or through the distributors, to those hospital end customers will be impaired, and our results of operations and financial condition could be materially adversely affected as a result.

A severe or prolonged downturn or economic uncertainty in the Chinese or global economy, particularly as it impacts particular industries, could materially and adversely affect our business and financial condition.

COVID-19 has had a severe and negative impact on the Chinese and the global economy. Whether this will lead to a prolonged downturn in these economies is still unknown. Even before the outbreak of COVID-19, the global macroeconomic environment was facing numerous challenges. In recent years, the United States and other significant markets have experienced cyclical downturns and worldwide economic conditions remain uncertain. The growth rate of the Chinese economy had already been slowing since 2010. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies that had been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, as well as uncertainty as to how economies will respond once these expansionary policies are withdrawn. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, including other countries in the Asia Pacific region, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

Economic uncertainty and associated macroeconomic conditions make it extremely difficult for our customers and us to accurately forecast and plan future business activities, and could cause our customers to slow spending on our products and solutions, which could delay and lengthen sales cycles. Furthermore, during uncertain economic times our customers may face issues gaining timely access to sufficient credit, which could result in an impairment of their ability to make timely payments to us. If that were to occur, we may be required to increase our allowance for doubtful accounts and our results of operations could be negatively impacted.

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We cannot predict the timing, strength, or duration of any economic slowdown or any subsequent recovery generally, or any industry in particular. If the conditions in the general economy or the markets in which we operate worsen from present levels, our business, financial condition and results of operations could be materially adversely affected.

We rely on third-party logistics and delivery companies to fulfill and deliver our orders. If these logistics and delivery companies fail to provide reliable delivery services, our business and prospects, as well as our financial condition and results of operations, may be materially and adversely affected.

As of December 31, 2021, we had entered into contractual arrangements with four third-party logistics companies to store or deliver our products to our customers and end-consumers. We may also use third-party service providers to ship products from our leased fulfillment centers to delivery stations or to deliver bulky item products. Interruptions to or failures in these third parties' delivery services could prevent the timely or proper delivery of our products to distributors, customers and end consumers. These interruptions may be due to events that are beyond our control or the control of these delivery companies, such as inclement weather, natural disasters, transportation disruptions or labor unrest. We may not be able to find alternative delivery companies to provide delivery services in a timely and reliable manner, or at all. If products are not delivered in proper condition or on a timely basis, our business and reputation could suffer.

Any disruption to the operation of our current fulfillment facilities, or to the development of our new facilities, could reduce or negatively impact sales and have a material adverse effect on our business, financial condition and results of operations.

We rely on our fulfillment centers for the continuing operation of our Health Mall. Natural disasters or other unanticipated catastrophic events, including power interruptions, water shortage, storms, fires, earthquakes, terrorist attacks and wars, as well as changes in governmental planning for the land underlying these facilities, could significantly impair our ability to operate our business and destroy any inventory located in these facilities. In addition, fulfillment centers at suitable and convenient locations that meet the storage condition and the requirements of modern logistics operations for guaranteed storage safety, optimal and flexible space utilization and high operational efficiency are in short supply. We may not be able to replace these facilities and equipment in a timely manner, should any of the foregoing occur.

Furthermore, the leases for our fulfillment centers and our use thereof could be challenged by third parties or government authorities, which may cause interruptions to our business operations. Certain lessors of our leased fulfillment centers have not provided us with their property ownership certificates or any other documentation proving their right to lease those properties to us. If our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors or permits from the relevant government authorities, our leases could be invalidated and we may have to renegotiate the leases with the owners or the parties who have the right to lease the properties, and the terms of the new leases may be less favorable to us. Also, certain of our leasehold interests in leased properties have not been registered with the relevant

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PRC government authorities as required by PRC law, which may expose us to potential fines. We cannot assure you that our use of such leased properties will not be challenged by government authorities, property owners or other third parties. In the event that our use of leased properties is successfully challenged, we may be subject to fines and forced to relocate the affected operations. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties.

Our in-house technologies and solutions are complex and may contain undetected errors or may not operate properly, which could adversely affect our business, financial condition and results of operations.

The technologies underlying our platform are highly complex and may contain undetected errors or vulnerabilities, some of which may only be discovered after the products and solutions have been used by hospitals, pharmacies, doctor, patients and other users. Any real or perceived errors, failures, bugs or other vulnerabilities discovered in our products and solutions could result in negative publicity and damage to our reputation, loss of customers, loss of users, loss of or delay in market acceptance of our platform, loss of competitive position, loss of revenue or liability for damages, overpayments and/or underpayments. Similarly, any real or perceived errors, failures, design flaws or defects in our devices could have similar negative results. In such an event, we may be required or may choose to expend additional resources in order to help correct the problem. Such efforts could be costly, or ultimately unsuccessful. Even if we are successful at issues, we may experience damage to our reputation and brand. There can be no assurance that provisions included in our agreements with partners that attempt to limit our exposure to claims would be enforceable or adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if unsuccessful, a claim brought against us by any customers or users would likely be time-consuming and costly to defend and could seriously damage our reputation and brand.

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

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

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

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

Our success depends in part on our ability to continually enhance our products and services. If we are unable to respond to rapid technological changes in a cost-effective manner and develop new features and functions that satisfy our customers’ and users’ demands, our products and services may become less marketable and less competitive, and our business, results of operations may be adversely affected.

We have made, and will continue to make, investments in research and development which we believe to be helpful to our business, such as AI and big data technologies. We incurred RMB23.8 million, RMB132.4 million and RMB236.2 million of research and development expenses in the fiscal years ended December 31, 2019, 2020 and 2021, respectively, accounting for 4.5%, 15.8% and 13.4% of our total revenues during the same respective periods. Although investments in research and development are critical to our success, they may not yield the desired results. We may experience difficulties that could delay or impede the development we fund, after having committed significant time and financial resources. Even if research and development projects successfully lead to new products or services, they may require lengthy period of time for testing before commercial launch, and the final products or services we offer to the market may not be well-received by our customers or users or generate sufficient revenue to cover the expenses incurred.

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

We extend credit terms to certain transacting customers that result in trade receivables. As of December 31, 2019, 2020 and 2021, our trade receivables were RMB143.5 million, RMB276.2 million and RMB468.5 million, respectively. As of April 30, 2022, RMB256.2 million, or 54.7%, of our trade receivables balance as of December 31, 2021, had been settled. See “Financial Information — Discussion of Certain Key Balance Sheet Items — Trade and Bills Receivables” for more details. Although we provide for specific payment schedules in our service agreements with customers, they may not be able to follow and enforce the payment schedule for a number of reasons, some of which are beyond their and our control. For example, the ability to follow payment schedule by our public sector customers may be restricted by potential delays or changes in the government appropriations or other funding authorization processes that are beyond our or

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our customers’ control. We generally make a credit assessment of our customers in the private sector, such as pharmaceutical companies, before entering into an agreement with them. However, we cannot assure you that we are or will be able to accurately assess the creditworthiness of each of them. Similarly, if our distributors’ cash flow, working capital, financial condition or results of operations deteriorate, they may be unable or otherwise unwilling to pay trade receivables owed to us promptly or at all. Any inability of our customers or distributors to pay us in a timely manner may adversely affect our liquidity and cash flows, which in turn has a material adverse effect on our business operations and financial condition.

We recorded net liabilities during the Track Record Period.

We recorded net liabilities of RMB871.8 million, RMB3,393.2 million and RMB7,155.1 million as of December 31, 2019, 2020 and 2021, respectively, primarily due to the financial liabilities at FVTPL of RMB1,720.3 million, RMB4,478.2 million and RMB8,907.7 million that we recorded as of December 31, 2019, 2020 and 2021, respectively. Our financial liabilities at FVTPL consist of convertible redeemable preferred shares and convertible loans issued to investors in our private financing. Upon the completion of the [REDACTED], all of our convertible redeemable preferred shares will be automatically converted to our ordinary shares, and we will no longer recognize changes in fair value liabilities in respect of them. In July 2021, all of the convertible loans were converted into convertible redeemable preferred shares. However, there can be no assurance that we will not experience liquidity problems in the future. If we fail to generate sufficient revenue from our operations, or if we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our business and financial position will be adversely affected as a result.

Our results of operations, financial conditions and prospects have been adversely affected by fair value changes of financial instruments at fair value through profit or loss, in particular, by fair value changes in our convertible redeemable preferred shares, the valuation of which is uncertain due to the use of unobservable inputs that require judgment and assumptions that are inherently uncertain.

We expect that our net loss for the year ending December 31, 2021 will increase significantly comparing to the year ended December 31, 2020 due to the expected loss on fair value changes of the convertible redeemable preferred shares. During the Track Record Period, we had outstanding convertible redeemable preferred shares, which were designated as financial liabilities at fair value through profits or losses. Their fair value is determined based on the valuation performed by an independent valuer, using valuation techniques. The assessment of fair value of our convertible redeemable preferred shares requires the use of unobservable inputs including discount rate, discount of lack of marketability and expected volatility. We use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the respective valuation dates. These valuation methodologies that we use involve a significant degree of management judgment and are inherently uncertain. Changes in these unobservable inputs and other estimates and judgments could materially affect the fair value of our convertible redeemable preferred shares, which in turn may adversely affect our results of operations. In 2019, 2020 and

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2021, we recognized net losses from changes in fair value of financial liabilities of RMB326.6 million, RMB2,003.4 million and RMB3,397.6 million, respectively. As we completed additional financing in the third quarter of 2021, we may incur additional losses from changes in fair value changes on our convertible redeemable preferred shares after June 30, 2021 to the [REDACTED], upon which all the convertible redeemable preferred shares will automatically convert into our Shares. After the automatic conversion of the convertible redeemable preferred shares into Shares upon the [REDACTED], which may result in a net asset position, we do not expect to recognize any further loss or gain on fair value changes from the convertible redeemable preferred shares in the future.

We may incur impairment charges for our goodwill and intangible assets.

We recorded goodwill, which relates to business acquisitions, of nil, RMB19.0 million and RMB25.6 million as of December 31, 2019, 2020 and 2021, respectively. We also recorded intangible assets, which primarily comprise exclusive rights, softwares, patents, licenses and customer relationships, of RMB29.2 million, RMB111.5 million and RMB164.6 million as of December 31, 2019, 2020 and 2021, respectively. Our impairment assessment of goodwill and other intangible assets is based on a number of assumptions made by our management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to make a significant provision for our goodwill and other intangible assets and record a significant impairment loss, which could in turn adversely affect our results of operations. Any significant impairment of goodwill or intangible assets could have a material adverse effect on our business, financial condition and results of operations.

We recorded net current liabilities throughout the Track Record Period.

We recorded net current liabilities throughout the Track Record Period, which amounted to RMB906.1 million, RMB3.5 billion and RMB7.4 billion as of December 31, 2019, 2020 and 2021, respectively, primarily due to the accounting effects of the convertible redeemable preferred shares we issued in previous rounds of financings.

Our convertible redeemable preferred shares will be automatically converted into ordinary shares upon the closing of the [REDACTED]. Afterwards, we do not expect to recognize any further loss or gain on fair value changes from the convertible redeemable preferred shares and expect to shift to a net assets position. See “Financial Information” for further details. However, there can be no assurance that we will not experience liquidity problems in the future. Our cash flow from operations was negative throughout the Track Record Period. See “— We have a history of net losses and negative operating cash flow. We anticipate increasing expenses in the future, and we may not be able to achieve or maintain profitability.” If we fail to generate sufficient cash flow from our operations, or if we fail to maintain sufficient cash and financing, our liquidity position may be adversely affected. If we do not have sufficient cash flows to fund our business, operations and capital expenditure, our business and financial position will be materially and adversely affected.

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Fluctuation of fair value change of wealth management products at fair value through profit or loss may affect our results of operations, and the valuation of wealth management products is uncertain due to the use of unobservable inputs.

Fluctuations in fair value change of the wealth management products we purchased at fair value through profit or loss may affect our results of operations. We made investments in wealth management products during the Track Record Period and recorded a fair value of wealth management products of nil, nil and RMB28.0 million as of December 31, 2019, 2020 and 2021, respectively. The wealth management products we purchased consisted primarily of onshore and offshore short-term structured deposits and agreement deposits. We are exposed to credit risk in relation to our investments in wealth management products, which may adversely affect the net changes in their fair value. We cannot assure you that market conditions and regulatory environment will create fair value gains on the wealth management products we invest in or that we will not incur any fair value losses on our investments in wealth management products. In addition, the valuation of wealth management is uncertain due to the use of unobservable inputs that are inherently uncertain. If we incur fair value losses with respect to the wealth management products we have invested in, our results of operations, financial condition and prospects may be adversely affected.

We may not be able to adequately manage our inventories, and our inventories may suffer from obsolescence or reduction in value.

We manage our inventories to monitor the movements and utilization of our inventories and ensure sufficient inventory levels to support our product sales businesses on a continuous basis. As of December 31, 2019, 2020 and 2021, our inventories amounted to RMB142.0 million, RMB59.4 million and RMB110.9 million, respectively. For further details, see “Financial information — Discussion of Certain Key Balance Sheet Items — Inventories.” However, we cannot assure you that there will always be stable demand for our products, or that after purchase orders are received, such orders will not be cancelled or reduced. In the event that we are not able to secure sufficient purchases for our products, or that purchase orders placed are cancelled, reduced or otherwise varied while we are not able to secure other purchasers who are willing to purchase the relevant products, it is possible that part of inventories will become obsolete or reduce in value. In that case, our business, financial condition and results of operations could be materially and adversely affected.

If we are unable to fulfill our performance obligations in respect of contract liabilities, our results of operations and financial condition may be adversely affected.

As of December 31, 2019, 2020 and 2021, we recorded contract liabilities of RMB22.7 million, RMB120.7 million and RMB93.6 million, respectively. Our contract liabilities relate to the consideration received from customers while the underlying performance obligations under our contracts with customers are yet to be satisfied by us. For details, see “Financial Information — Discussion of Certain Key Balance Sheet Items — Contract Liabilities.” If we fail to fulfill our performance obligations under our contracts with customers, we may not be able to convert such

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contract liabilities into revenue, and our customers may also require us to refund the payments they have made, which may adversely affect our cash flow and liquidity condition and our ability to meet our working capital requirements and in turn, our results of operations and financial conditions. In addition, if we fail to fulfill our performance obligations under our contracts with customers, it may also adversely affect our relationship with such customers, which may in turn affect our reputation and results of operations.

Our prepayments for inventories and services to suppliers may not be recoverable, which may affect our results of operations and financial condition.

Our prepayments for inventories and services increased from RMB89.1 million as of December 31, 2019 to RMB99.8 million as December 31, 2020, and RMB164.7 million as of December 31, 2021. See “Financial Information — Discussion of Certain Key Balance Sheet Items — Prepayments, Deposits and Other Receivables.” Our prepayments for inventories and services are mostly advances made to suppliers for purchasing inventories including medical devices, consumables, pharmaceuticals and miscellaneous. We cannot guarantee that upon receipt of our prepayments, our suppliers will always provide the inventories or services we have paid for in accordance with the terms on which we have agreed. If any of our suppliers fails to do so, our ability to deliver products to our customers and, in turn, our reputation, results of operations and financial condition may be affected. In addition, if any of our suppliers to whom we have made prepayments for inventories or services breaches its obligation to provide inventories or services, we may not be able to recover the prepayments we have made from them despite our contractual rights, in which case our liquidity, results of operations and financial condition may be affected.

Our results of operations are subject to seasonal fluctuations.

We experience seasonality in our business, mainly correlating to the seasonality patterns associated with hospital and pharmacy activities in China. For example, in first quarters which coincide with the Chinese New Year holiday, hospitals and pharmacies in China generally experience a lower volume of patient visits and other activities, and we typically see a lower demand for our products and solutions as a result. As we continue to grow and expand our business and as the industry we are in continues to evolve, the seasonality of our business is subject to a variety of uncertainties and may change in patterns in the future, and the impact of seasonality on our results of operations may also increase in the future. As a result, comparing our operating results on a period-to-period basis may not be meaningful, and our results of operations and the [REDACTED] of our Shares may fluctuate from time to time due to seasonality.

We may need additional capital but may not be able to obtain it on favorable terms or at all.

We may require additional cash resources due to operating losses or future growth and development of our business, including any investments or acquisitions we may decide to pursue. If our cash resources are insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future

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financial condition, results of operations, cash flows, [REDACTED] performance, liquidity of international capital and lending markets and the PRC governmental regulations over foreign investment and the PRC healthcare industry. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations. There can be no assurance that financing would be available in a timely manner or in amounts or on terms favorable to us, or at all. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity as well as have a material adverse effect on our business, financial condition and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to our existing shareholders.

We may not have sufficient insurance coverage to cover our business risks.

In relation to our online consultation and prescription services, we carry professional liability insurance covering a maximum of RMB23 million in aggregate over the course of a year, under which no claim had been made as of the date of this document. However, we may not be able to acquire insurance for certain types of risks we are exposed to for reasons including that insurance companies in China do not currently offer as extensive an array of insurance products as insurance companies in more developed economies, and our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business or operations. For example, we do not maintain product liability insurance or business interruption insurance, nor do we maintain key-man life insurance. Any product liability claim, business disruption, litigation, regulatory action, outbreak of epidemic disease or natural disaster could also expose us to substantial costs and diversion of resources. There can be no assurance that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

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

Third parties, including our competitors, could be infringing, misappropriating or otherwise violating our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly. We may seek to enforce our rights against potential infringement, misappropriation or violation of our intellectual property. However, the steps we have taken to protect our proprietary rights may not be adequate to enforce our rights against such infringement, misappropriation or violation of our intellectual property. We may not be able to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Any inability to meaningfully enforce our intellectual property rights could harm our ability to compete and reduce demand for our products and solutions.

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We may become involved in lawsuits to protect or enforce our intellectual property rights. An adverse result in any litigation proceeding could harm our business. In any lawsuit we bring to enforce our intellectual property rights, a court may refuse to stop the other party from using the technology at issue on grounds that our intellectual property rights do not cover the use or technology in question. Further, in such proceedings, the defendant could counterclaim that our intellectual property is invalid or unenforceable and the court may agree, in which case we could lose valuable intellectual property rights. The outcome in any such lawsuits are unpredictable, and even if we prevail, the process can be extended and costly.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or would not infringe upon or otherwise violate trademarks, patents, copyrights or other intellectual property rights held by third parties. We may be, from time to time, or in the future, become subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other third-party intellectual property that is infringed by our products, services or other aspects of our business. There could also be existing intellectual property of which we are not aware that our products may inadvertently infringe. There can be no assurance that holders of such intellectual property purportedly relating to some aspect of our technology platform or business, if any such holders exist, would not seek to enforce such intellectual property against us in the PRC or in any other jurisdictions, as applicable. Furthermore, the application and interpretation of PRC intellectual property related laws and the procedures and standards in the PRC are still evolving and are uncertain, and there can be no assurance that PRC courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management's time and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, which may materially and adversely affect our business, financial condition and results of operations.

We are subject to risks of security breaches and network interruptions, which may disrupt our services, result in breach of confidential and sensitive information, or otherwise adversely affect our business, reputation and results of operations.

In the ordinary course of our business, we collect, store, use and disclose sensitive data, including protected health information, or PHI, and other types of personal data or personally identifiable information, or PII. We also process and store sensitive information including intellectual property and other proprietary business information, including that of our customers

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and users. Our customer and user information is encrypted but not always de-identified. We manage and maintain our data utilizing a combination of on-site systems, managed data center systems and cloud-based computing center systems.

We are highly dependent on information technology networks and systems, including the internet, to securely process, transmit and store this critical information. Security breaches of this infrastructure, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, and employee or contractor error, negligence or malfeasance, can create system disruptions, shutdowns or unauthorized disclosure or modifications of confidential information, causing member health information to be accessed or acquired without authorization or to become publicly available. Because of the sensitivity of the PHI, PII, and other information, the security of our technology platform and other aspects of our services are important to our operations and business strategy. Measures taken to protect our systems or the PHI, PII, or other sensitive data we maintain, may not adequately protect us from the risks associated with such information. Although we take steps to help protect confidential and other sensitive information from unauthorized access or disclosure, our information technology and infrastructure may be vulnerable to attacks by hackers or viruses, failures or breaches due to third-party action, employee negligence or error, malfeasance or other disruptions.

A security breach or privacy violation that leads to disclosure or unauthorized use or modification of, or that prevents access to or otherwise impacts the confidentiality, security, or integrity of, member information, including PHI, PII, or other sensitive information we maintain or otherwise process, could harm our reputation, compel us to comply with breach notification laws, cause us to incur significant costs for remediation, fines, penalties, notification to individuals and for measures intended to repair or replace systems or technology and to prevent future occurrences, potential increases in insurance premiums, and require us to verify the accuracy of database contents, resulting in increased costs or loss of revenue. If we are unable to prevent such security breaches or privacy violations or implement satisfactory remedial measures, or if it is perceived that we have been unable to do so, our operations could be disrupted, we may be unable to provide access to our platform, and could suffer a loss of customers or users or a decrease in the use of our platform, and we may suffer loss of reputation, adverse impacts on customer, user and investor confidence, financial loss, governmental investigations or other actions, regulatory or contractual penalties, and other claims and liability. In addition, security breaches and other inappropriate access to, or acquisition or processing of, information can be difficult to detect, and any delay in identifying such incidents or in providing any notification of such incidents may lead to increased harm.

Any such breach or interruption of our systems could compromise our networks or data security processes and sensitive information could be inaccessible or could be accessed by unauthorized parties, publicly disclosed, lost or stolen. Any such interruption in access, improper access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws and regulations that protect the privacy of member information or other personal information. Any such breach could also result in the compromise of our trade secrets and other proprietary information, which could adversely affect our business and competitive position. While

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we maintain insurance covering certain security and privacy damages and claim expenses, we may not carry insurance or maintain coverage sufficient to compensate for all liability and in any event, insurance coverage would not address the reputational damage that could result from a security incident.

Furthermore, our business depends on the efficient and uninterrupted operation of our computer and communications systems. Our entire information infrastructure is located in China. Our information infrastructure contains substantial quantities of data relating to our customers, users and other participants of our platform such as account information, consultation records and transaction data, among other things, which enable our customers, users and other participants to fully engage in our platform. Our preparation for contingencies through data disaster recovery procedures may not be sufficient and we do not carry business interruption insurance. Furthermore, despite any precautions we may take, the occurrence of a natural disaster, such as an earthquake, flood or fire, or other unanticipated incidents at our information infrastructure facilities, including power outages, telecommunications delays or failures, break-ins to our systems or computer viruses, could result in delays or interruptions to our platform and operations as well as loss of our users' and other participants' data. Any of these events could damage our reputation, materially disrupt our platform and subject us to liability and claims, which may materially and adversely affect our business, financial condition and results of operations.

Our operations also depend on the performance of the internet infrastructure and fixed telecommunication networks in China, as well as the effectiveness of mobile operating systems and networks. Almost all access to mobile and internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the MIIT. We primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with China's public communications networks, such as mobile, internet or the fixed telecommunications networks. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. We cannot assure you that the public communications infrastructure in China will be able to support the demands associated with the continued growth in usage. In addition, we have no control over the costs of the services provided by public communications service providers. If the prices we pay for their services rise significantly, our financial performance may be adversely affected. Furthermore, if mobile access fees or other charges to mobile users increase, our user traffic may decline and our business may be harmed.

We utilize third-party cloud providers whose systems are subject to risks of cyberattacks and other technological problems.

We currently utilize third-party cloud providers in China to host our network infrastructure and store sensitive information including user information such as PHI and PII. Similar to our own system that stores sensitive information, the systems of our third-party cloud providers are subject to risks of security breaches and attacks. We take certain precautions to address these risks, such

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as by requiring the third-party cloud providers to enter into agreements that contractually obligate their subcontractors to use reasonable efforts to safeguard PHI, PII and other sensitive information, but such precautions may not be adequate to protect the sensitive information we store with the third-party cloud providers from being improperly accessed, leaked or otherwise compromised. Furthermore, the systems of our third-party cloud providers may be disrupted by technological problems or third-party cyberattacks, as a result of which they may fail to function properly, causing us and our users to be unable to access information. There can be no assurance that we will be notified promptly of such technological problems or cyberattacks, or that the third-party cloud providers will be able to resolve such issues promptly and properly. Any security breach or other technological problem with our third-party cloud providers may thus disrupt our services and/or compromise the sensitive information we maintain, which could have a material adverse effect on our business and reputation and could result in legal claims and liabilities.

If our risk management and internal control system is not adequate or effective, and if it fails to detect potential risks in our business as intended, our business, financial condition and results of operations could be materially and adversely affected.

We have established our internal control system, such as an organizational framework and, policies and procedures that are designed to monitor and control potential risk areas relevant to our business operations. However, due to the inherent limitations in the design and implementation of our risk management system, it may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place.

Furthermore, our new business initiatives may give rise to additional risks that are currently unknown to us, despite our efforts to anticipate such issues. If our risk management system fails to detect potential risks in our business as intended or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations could be materially and adversely affected.

Our risk management also depends on effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended or such implementation will not involve any human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be materially and adversely affected, particularly with respect to the maintenance of our relevant approvals and licenses granted by governments.

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Our business may be materially and adversely affected by adverse news, scandals or other incidents associated with China’s general health and wellness industry.

Incidents that reflect doubt as to the quality or safety of pharmaceutical products manufactured, distributed or sold and services provided by other participants in the PRC general health and wellness industry, particularly the internet healthcare industry, including our competitors, have been, and may continue to be, subject to widespread media attention. Such incidents may damage the reputation of not only the parties involved, but also the overall general health and wellness industry, even if such parties or incidents have no relation to us, our management, our employees, our suppliers, our distributors or our customers and the doctors using our platform. Such negative publicity may indirectly and adversely affect our reputation and business operations. In addition, incidents not related to product quality or safety, or other negative publicity or scandals implicating us or our employees, regardless of merit, may also have an adverse impact on us and our reputation and corporate image.

Our failure to comply with anti-corruption laws and regulations, or effectively manage our employees, flexible staff, distributors, marketplace sellers and affiliates, could severely damage our reputation, and materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to risks in relation to actions taken by us, our employees, flexible staff, distributors, marketplace sellers and affiliates that constitute violations of anti-corruption laws and regulations. There have been numerous instances of corrupt practices in the pharmaceutical industry, including, among other things, receipts of kickbacks, bribes or other illegal gains or benefits by pharmacies, hospitals and medical practitioners from manufacturers, distributors and retail pharmacies in connection with the supply of pharmaceutical products. While we have adopted strict internal procedures and work closely with relevant government agencies to ensure compliance of our business operations with relevant laws and regulations, our efforts to control these risks may not be sufficient to ensure that we comply with relevant laws and regulations at all times. If we, our employees, flexible staff, distributors, marketplace sellers or affiliates violate these laws, rules or regulations, we could be subject to fines and/or other penalties, including criminal liability. The products involved may be seized and our operations may be suspended. Actions by PRC regulatory authorities or the courts to provide an interpretation of PRC laws and regulations that differs from our interpretation or to adopt additional anti-bribery or anti-corruption related regulations could also require us to make changes to our operations. Our reputation, corporate image, and business operations may be materially and adversely affected if we fail to comply with these measures or become the target of any negative publicity as a result of actions taken by us, our employees, flexible staff, distributors, marketplace sellers or affiliates, which may in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

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We may be subject to penalties or disputes for failure to manage the multi-site practices of doctors using our platform.

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

We cannot assure you that the doctors on our platform will complete the registration and relevant government procedures in a timely manner, or at all, or that they will not practice outside the permitted scope of their respective licenses. Our failure to properly manage the registration of doctors on our platform may subject us to administrative penalties against our medical institution, including fines, or, in the worst-case scenario, revocation of our Practicing License for Medical Institutions, any of which could materially and adversely affect our business. If doctors on our platform are found to have deficient registration or found to be practicing beyond the scope permitted by relevant authorities, they may be disciplined and lose their practicing licenses. In the event that the multi-site practices of doctors on our platform are in breach of their contractual obligations owed to other institutions, such as non-compete obligations, we may be exposed to indemnity or other legal liabilities if we are deemed to have aided in these breaches, and are therefore susceptible to legal disputes and potential damages.

During the Track Record Period, three of the doctors registered on our platform were found to practice beyond the permitted practice scope or without sufficient qualification. The penalties therefor were immaterial to our business. As of the Latest Practicable Date, we have implemented policies to ensure registered doctors are permitted to issue the prescription and our practicing in-house doctors to register our medical institution in their licenses as required under the relevant PRC regulations. For example, doctors registered with us are required to comply with both our specified work scope and quality requirements as well as applicable rules and regulations. Doctors on our platform are required to provide evidence of their professional qualifications. In particular, doctors can only issue prescriptions on our platform if they have completed multi-site practice registration with local doctors’ administration authorities and we have verified such registration. We and our registered doctors enter into service agreements, pursuant to which our registered doctors provide users with online consultation services subject to relevant rules and regulations. See “Business — Our Mobile Application for Doctors.” Nevertheless, there can be no assurance that all of such medical professionals will strictly abide by these policies and that the relevant

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healthcare administrative authorities would not retrospectively find deficiency in the registration of these medical professionals and subject the relevant medical professionals and/or us to penalties, which could materially and adversely affect our business.

We may be held liable for information or content displayed on, retrieved from or linked to our mobile applications or Weixin mini programs, which may materially and adversely affect our business and operating results.

We offer chronic condition management services to individual users through our mobile applications and Weixin mini programs, which are regulated by the Administrative Provisions on Mobile Internet Applications Information Services, or the APP Provisions, promulgated by the CAC on June 28, 2016 and which became effective on August 1, 2016. According to the APP Provisions, the providers of mobile applications shall not create, copy, publish or distribute information and content that is prohibited by laws and regulations. Furthermore, specific obligations need to be followed by app providers such as identification certification of users, establishment of mechanism for users' information protection and the verification and management of information contents, safeguarding users' personal information as well as the record of users' log.

We have implemented internal control procedures screening the information and content on our mobile applications and mini programs to ensure their compliance with the APP Provisions. However, we cannot assure you that all the information or content displayed on, retrieved from or linked to our mobile applications or mini programs complies with the requirements of the APP Provisions at all times. If our mobile applications or mini programs were found to violate the APP Provisions, we may be subject to administrative penalties, including warning, service suspension or removal of our mobile applications or mini programs, which may materially and adversely affect our business and operating results.

Our promotional activities carried out in digital marketing services may be subject to regulatory restrictions.

In performing digital marketing services to promote pharmaceutical products, we conduct various promotional activities including visiting medical institutions and other activities such as market research and insight collection, promotional meetings and academic communications. The National Medical Products Administration of the PRC, or the NMPA, promulgated the Administrative Measures for the Record-filing of Pharmaceutical Representatives (for Trial Implementation) on September 22, 2020, which became effective on December 1, 2020 and provides that professionals who engage in communications and feedback about pharmaceutical products on behalf of marketing authorization holders are pharmaceutical representatives, that information of pharmaceutical representatives needs to be timely filed and maintained on a record-filing platform designated by the NMPA, and that those who have not completed such filings may not visit medical institutions to carry out academic promotion and other related activities. We are not a marketing authorization holder and we do not consider our personnel engaging in such promotional activities pharmaceutical representatives. However, we cannot

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guarantee that they will not be deemed pharmaceutical representatives due to future regulatory changes, implementations or interpretations. In such event, failure to conduct the required record-filing may restrain our ability to continue to conduct promotional activities, which may have a material and adverse effect on our business, financial condition, results of operations and prospects.

The growth and activity of our customers and users on mobile devices depend upon effective use of mobile operating systems, networks and standards that we do not control.

Customers and users can access our platform and solution through mobile devices. To optimize their mobile experience, we are dependent on our customers and users downloading the specific mobile apps for their particular devices. As new mobile devices and platforms are released, it is difficult to predict the problems we may encounter in developing apps for these alternative devices and platforms, and we may need to devote significant resources to the development, support and maintenance of such apps. In addition, our future growth and results of operations could suffer if we experience difficulties in the future in integrating our mobile apps into mobile devices or if problems arise with our relationships with providers of mobile operating systems or mobile app stores, if our apps receive unfavorable treatment compared to competing apps at app stores, or if we face increased costs to distribute or have customers use our mobile apps.

In the event that it becomes more difficult for our customers and users to access and use our platform and solution on their mobile devices, or if our customers and users choose not to access or use our platform and solution on their mobile devices or to use mobile products that do not offer access to our platform and solution, our customer and user growth could be harmed and our business, financial condition and results of operations may be adversely affected.

Failure to renew our current leases or locate desirable alternatives for our facilities could materially and adversely affect our business.

We lease properties for our offices and fulfillment centers. We may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. In addition, as of the Latest Practical Date, the lessors of certain of our leased properties failed to provide us with the valid building ownership certificate, our use of these leased properties may be affected by third parties' claims or challenges against those leases we have. If the lessors of the leased properties do not have the requisite rights to lease the relevant properties, these lease agreements may be deemed to be invalid, and as a result, we may be required to vacate the relevant properties. In this event, our business may be adversely affected. The actual usage of some of our leased properties is not consistent with the approved usage. According to applicable laws and regulations, unauthorized change of the usage of properties or land may result in fines on the property owner, as a result, our relevant lease agreements may be deemed invalid, which may in turn interrupt our use of such

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leased properties. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our facilities as our business continues to grow and failure in relocating our affected operations could adversely affect our business and operations.

We rely on assumptions and estimates to calculate certain key operating metrics, and inaccuracies in such metrics may harm our reputation and adversely affect our business.

Certain of our key operating metrics, such as respective numbers of hospitals and pharmacies that installed our SaaS products and paying individual users in this document are calculated using our internal data that have not been independently verified by third parties. While these numbers are based on what we believe to be reasonable calculations for the applicable periods of measurement, there are inherent challenges in measuring usage and user engagement across our large user base. In addition, our key operating metrics are derived and calculated based on different assumptions and estimates, and you should be cautious of such assumptions and estimates when assessing our operating performance.

Our measures may differ from estimates published by third parties or from similarly titled metrics used by our competitors due to differences in data availability, sources and methodology. If third parties do not perceive our metrics to be accurate representations of our performance, or if we discover material inaccuracies in our metrics, our reputation may be harmed and third parties may be less willing to allocate their resources or spending to us, which could adversely affect our business and operating results.

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

We adopted a share incentive scheme in August 2015, or the [REDACTED] Equity Incentive Scheme, to provide additional incentives to qualified directors and employees. As of the date of this document, the maximum aggregate number of Shares which may be issued under the [REDACTED] Equity Incentive Scheme is 84,254,735 Shares. For the years ended December 31, 2019, 2020 and 2021, we incurred equity-settled share-based payment expenses of RMB39.0 million, RMB207.2 million, and RMB222.6 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel, and we will continue to grant share-based compensation to our employees. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

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Our business depends on the continued efforts of our senior management and key personnel. If one or more of our key executives and senior management personnel were unable or unwilling to continue in their present positions, our business may be severely disrupted.

Our future success depends heavily upon the continued services of our senior executives, key research and development personnel and key sales and marketing personnel. In particular, we rely on the expertise and experience of our founder, Mr. Kuang Ming, to lead us in continuously innovating our solutions and business model. Our research and development team is critical to the development of proprietary technologies used by our solutions, services and platform, and realization of the potential benefits of our intellectual property. In addition, success in the distribution of our solutions depends on the dedication and skills of our sales and marketing personnel. Accordingly, our ability to attract and retain key personnel is a critical factor in our competitiveness. Competition for these individuals could require us to offer higher compensation and other benefits in order to attract and retain them, which could increase our operating expenses and, in turn, materially and adversely affect our financial condition and results of operations. If we are unable to attract or retain the personnel required to achieve our business objectives, our business could be severely disrupted.

We do not maintain key-person insurance for members of our management team. If we lose the services of any senior management, we may not be able to identify suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could severely disrupt our business and prospects and prolong our expansion strategies and plans. Furthermore, if any of our executive officers joins a competitor or forms a competing company, we may lose a significant number of our existing pharmacy customers and consumers and potentially lose our substantial research and development achievements, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Competition for employees is intense, and we may not be able to attract, train and retain the qualified and skilled employees needed to support our business.

We believe our success depends on the efforts and talent of our employees, including medical professionals, risk management, software engineering, financial and marketing personnel. Our future success depends on our continued ability to attract, develop, motivate and retain qualified and skilled employees. Competition for highly skilled technical, risk management and financial personnel is extremely intense. We may not be able to hire and retain these personnel at compensation levels consistent with our existing compensation and salary structure. Some of the companies with which we compete for experienced employees have greater resources than we have and may be able to offer more attractive terms of employment.

In addition, we invest significant time and expenses in training our employees, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training new employees, and the quality of our services and our ability to serve various participants in the pharmaceutical value chain could decline, resulting in a material adverse effect to our business.

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We, our directors, management and employees may from time to time become party to litigation, regulatory investigations, other legal or administrative disputes and proceedings that may materially and adversely affect us.

In the course of our ordinary business operations, we, our directors, management and employees may from time to time become a party to litigation, legal proceedings, claims, disputes or arbitration proceedings. Any ongoing litigation, legal proceedings, claims, disputes or arbitration proceedings may distract our senior management’s attention and consume our time and other resources. In addition, even if we, our directors, management and employees ultimately succeed in such litigation, legal proceedings, claims, disputes or arbitration proceedings, there may be negative publicity attached to such litigation, legal proceedings, claims, disputes or arbitration proceedings, which may materially and adversely affect our reputation and brand names. In the case of an adverse verdict, we may be required to pay significant monetary damages, assume significant liabilities or suspend or terminate parts of our operations. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected. As a [REDACTED] company, we will face additional exposure to claims and lawsuits. For example, one of our [REDACTED] Investors has raised concerns about the processes we followed in the amendment of certain terms of our Articles and shareholders agreement in connection with the [REDACTED], including but not limited to terminating certain special rights applicable to the [REDACTED] Investors prior to the [REDACTED]. Please refer to “History, Reorganisation, and Corporate Structure — [REDACTED] Investments — Special rights of the [REDACTED] Investors.” This [REDACTED] Investor has alleged (1) that the steps taken during our shareholders’ meeting on May 29, 2022 were done in breach of our existing articles of association and the documents governing the [REDACTED] Investor’s investment agreements and (2) that our Directors’ actions in this regard were in breach of their duties. We believe that the [REDACTED] Investor’s concerns have been fully addressed by actions that our Company took, including actions taken in a subsequent shareholders’ meeting on June 10, 2022. Our Hong Kong and Cayman Islands counsel have advised us that the actions taken were effective and in compliance with applicable law, for the Hong Kong law-governed agreements related to the [REDACTED] Investor’s investments and the Cayman Islands law issues related to our existing articles of association, respectively. A [REDACTED] Investor could, nevertheless, take actions against us, any of our shareholders, and/or our Directors, and any such complaints, even if groundless, could nevertheless affect the [REDACTED] of our shares and could substantially divert the attention of our management and Directors.

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

Fraud or other misconduct by our employees, such as unauthorized business transactions, bribery and breach of our internal policies and procedures, unauthorized access to or leakage of the data of our consumers and pharmacy customers, or by third parties, such as breach of law, may be difficult to detect or prevent. These types of incidents could subject us to financial loss and sanctions imposed by governmental authorities while seriously damaging our reputation. They may also impair our ability to effectively attract prospective users, develop customer loyalty, obtain financing on favorable terms and conduct other business activities.

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In particular, we may face risks with respect to fictitious or other fraudulent activities. There can be no assurance that the measures we have implemented to detect and reduce the occurrence of fraudulent activities would be effective in combating fraudulent transactions or improving overall satisfaction among our customers and users. Pharmacies selling chronic condition products on our platform may also engage in fictitious or “phantom” transactions with themselves or collaborators in order to artificially inflate their ratings, reputation and search results rankings.

Our risk management systems, information technology systems and internal control procedures are designed to monitor our operations and overall compliance. However, we may be unable to identify non-compliance or suspicious transactions promptly, or at all. Furthermore, it is not always possible to detect and prevent fraud or other misconduct committed by our employees, platform participants or other third parties, and the precautions we take to prevent and detect such activities may not be effective. Therefore, 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 materially and adversely affect our business, financial condition and results of operations.

Risks Related to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC laws and regulations relating to the relevant industries, or if these laws and regulations or the interpretation of existing laws and regulations change in the future, we could be subject to severe penalties, be forced to relinquish our interests in those operations.

Foreign ownership in entities that provide value-added telecommunication services, including online chronic data service and drug and medical device sales platform, internet hospital and other services related thereto, and insurance brokerage services, is subject to restrictions under current PRC laws and regulations, and even governing practice of competent PRC governmental authority, unless certain exceptions are available. For example, foreign ownership of a value-added telecommunication service provider may not exceed 50%, except for the investment in the e-commerce operation business, a domestic multi-party communication business, an information storage and re-transmission business and a call center business, and the major foreign investors are required to have a record of good performance and operating experience in managing value-added telecommunications business. In addition, foreign ownership in medical institutions is also subject to restrictions under PRC laws and regulations. According to the negative list, medical institutions fall into the “restricted” investment category and foreign ownership of a medical institutions, in our case internet hospitals, may not exceed 70% according to the Provisional Measures for the Administration of Medical Institutions in the Form of Sino-foreign Equity or Contractual Joint Venture, whereas certain local competent PRC governmental authority may not permit foreign investors to hold any equity interest in internet hospital in practice.

We are a Cayman Islands exempted company and our PRC subsidiaries wholly owned by us are considered wholly foreign owned enterprises. To ensure compliance with the PRC laws and regulations, we conduct our foreign investment-restricted business in China through our

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Consolidated Affiliated Entities, which currently hold the value-added telecommunication business license and other licenses necessary for our operation of such restricted business. 91health Hangzhou has entered into a series of contractual arrangements with Hangzhou Kangming and the Registered Shareholders, respectively, which enable us to:

- exercise effective control over our Consolidated Affiliated Entities;
- receive substantially all of the economic benefits of our Consolidated Affiliated Entities, and bear the obligation to absorb substantially all of the losses of our Consolidated Affiliated Entities;
- have the pledge right over the equity interests in Hangzhou Kangming as the pledgee; and
- have an exclusive option to purchase all or part of the equity interests in Hangzhou Kangming when and to the extent permitted by PRC law.

As a result of these contractual arrangements, we have control over and are the primary beneficiary of our Consolidated Affiliated Entities and hence consolidate their financial results under IFRS. See “Contractual Arrangements” for further details.

In the opinion of our PRC Legal Advisor, Tian Yuan Law Firm, (i) the ownership structures of 91health Hangzhou and Hangzhou Kangming in China, both currently and immediately after giving effect to this [REDACTED], are not in violation of provisions of applicable PRC laws and regulations currently in effect; and (ii) the Contractual Arrangements governed by PRC laws are not in violation of provisions of applicable PRC laws or regulations currently in effect, and valid and binding upon each party to such arrangements and enforceable against each party thereto in accordance with their terms and applicable PRC laws and regulations currently in effect. However, we have been further advised by our PRC Legal Advisor that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, rules and regulations. Thus, the PRC governmental authorities may take a view contrary to the opinion of our PRC Legal Advisor. It is uncertain whether any new PRC laws or regulations relating to Contractual Arrangements 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 our PRC subsidiaries or our Consolidated Affiliated Entities fail to obtain or maintain any of the required permits or approvals to operate our business, the relevant PRC governmental authorities would have broad discretion to take action in dealing with such violations or failures, including:

- revoking the business licenses and/or operating licenses of such entities;

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- imposing fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations;
- discontinuing or placing restrictions or onerous conditions on the operations of our Consolidated Affiliated Entities;
- placing restrictions on our right to collect revenues;
- imposing additional conditions or requirements on our operations with which we may not be able to comply;
- shutting down our servers or blocking our app/websites;
- requiring us to restructure our ownership structure or operations; or
- taking other actions against us that adversely affect our business.

Any of these events could cause significant disruption to our business operations and severely damage our reputation, which would in turn have a material adverse effect on our financial condition and results of operations. If occurrences of any of these events results in our inability to direct the activities of our Consolidated Affiliated Entities in China that most significantly impact their economic performance and/or our failure to receive the economic benefits and residual returns from our Consolidated Affiliated Entities, and we are unable to restructure our ownership structure and operations in a satisfactory manner, we may not be able to consolidate the financial results of our Consolidated Affiliated Entities in our consolidated financial statements.

We rely on Contractual Arrangements to exercise control over a portion of our business, which may not be as effective as direct ownership in providing operational control.

Hangzhou Kangming, our VIE, was incorporated on December 11, 2020. See “History, Reorganisation, and Corporate Structure — Reorganisation.” We rely on contractual arrangements with our VIE and its shareholders to conduct a portion of our operations in China, including value-added telecommunication services, internet hospitals and other internet related business. For a description of these contractual arrangements, see “Contractual Arrangements — Summary of the material terms of the Contractual Arrangements”. These contractual arrangements, however, may not be as effective as direct ownership in providing us with control over our Consolidated Affiliated Entities. For example, Hangzhou Kangming and the Registered Shareholders could breach the Contractual Arrangements with us by, among other things, failing to conduct the

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operations of Hangzhou Kangming in an acceptable manner or taking other actions that are detrimental to our interests. We may also incur substantial costs to enforce the terms of the Contractual Arrangements.

If we had direct ownership of Hangzhou Kangming, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of Hangzhou Kangming, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by Hangzhou Kangming and the Registered Shareholders of their obligations under the contracts to exercise control over Hangzhou Kangming. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. See “— Any failure by Hangzhou Kangming or the Registered Shareholders to perform their obligations under our Contractual Arrangements with them would have a material and adverse effect on our business.” Therefore, our Contractual Arrangements may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

Any failure by Hangzhou Kangming or the Registered Shareholders to perform their obligations under our Contractual Arrangements with them would have a material and adverse effect on our business.

If Hangzhou Kangming or the Registered 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 Registered Shareholders were to refuse to transfer their equity interests in Hangzhou Kangming to us or our designee when 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. As a result, uncertainties in the PRC legal system could limit our ability to enforce these Contractual Arrangements. See “— Risks Related to Doing Business in China — Uncertainties with respect to the PRC legal system could adversely affect us.” Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a consolidated variable interest entity should be interpreted or

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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 these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these 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.

The Registered Shareholders may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

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

Currently, we have limited arrangements to address potential conflicts of interest between the Registered Shareholders and our Company. For individual who is also our director, we rely on him to abide by the laws of the Cayman Islands, which provide that director owes a fiduciary duty to the company that requires him to act in good faith and in what he believes to be the best interests of the company and not to use his position for personal gains. The Registered Shareholders have executed powers of attorney to appoint 91health Hangzhou or a person designated by 91health Hangzhou to vote on their behalf and exercise voting rights as shareholders of Hangzhou Kangming. If we cannot resolve any conflict of interest or dispute between us and the Registered Shareholders, we would have to rely on legal proceedings, which could result in disruption of part of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

The Registered Shareholders may be involved in disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in Hangzhou Kangming and the validity or enforceability of our Contractual Arrangements. For example, in the event that any of the Registered Shareholders divorces his spouse, the spouse may claim that the equity interest of

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Hangzhou Kangming held by such Registered Shareholder is part of their community property and should be divided between such Registered Shareholder and his spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the Registered Shareholder’s spouse or another third party who is not subject to obligations under our Contractual Arrangements, which could result in a loss of the effective control over Hangzhou Kangming by us. Similarly, if any of the equity interests of Hangzhou Kangming is inherited by a third party with whom the current Contractual Arrangements are not binding, we could lose our control over Hangzhou Kangming or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to part of our business and operations and harm our financial condition and results of operations.

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

We are a Cayman Islands holding company, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If any of these PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. In addition, the PRC tax authorities may require our wholly foreign-owned subsidiaries in China or any other relevant PRC subsidiary to adjust its taxable income under the contractual arrangements it currently has in place with our VIE in a manner that would materially and adversely affect its ability to pay dividends and other distributions to us. See “— Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and they may determine that we or our Consolidated Affiliated Entities owe additional taxes, which could negatively affect our financial condition and the value of your [REDACTED].”

Under PRC laws and regulations, our wholly foreign-owned subsidiaries in China may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a PRC enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends. At its discretion, a foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to an enterprise expansion fund, or a staff welfare and bonus fund.

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Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See also “— Risks Related to Doing Business in China — If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.”

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans to our PRC subsidiaries and Consolidated Affiliated Entities or making additional capital contributions to our WFOE in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries and Consolidated Affiliated Entities. We may make loans to our PRC subsidiaries and Consolidated Affiliated Entities subject to the approval from governmental authorities and limitation of amount, or we may make additional capital contributions to 91health Hangzhou in China.

Any loans to 91health Hangzhou in China, which is treated as a foreign-invested enterprise under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to 91health Hangzhou in China to finance its activities cannot exceed statutory limits, i.e., the difference between its total amount of investment and its registered capital, or certain amount calculated based on elements including capital or net assets and the cross-border financing leverage ratio or the Macro-prudential Management Mode, under relevant PRC laws, and the loans must be registered with the local counterpart of the State Administration of Foreign Exchange, or SAFE, or filed with SAFE in its information system. We may also provide loans to Consolidated Affiliated Entities or other domestic PRC entities under the Macro-prudential Management Mode. According to the Circular of the People’s Bank of China and the State Administration of Foreign Exchange on Adjusting the Macro-prudent Adjustment Parameter for Cross-border Financing issued on March 11, 2020, the limit for the total amount of foreign debt under the Macro-prudential Management Mode is increased to two and a half times from two times of their respective net assets. Moreover, any medium or long-term loan to be provided by us to Consolidated Affiliated Entities or other PRC entities must also be registered with the NDRC and SAFE or its local branches.

We may also decide to finance 91health Hangzhou in China by means of capital contributions. These capital contributions shall go through record-filing procedures from competent administration for market regulation. SAFE issued the Circular on the Management Concerning the Reform of the Payment and Settlement of Foreign Currency Capital of

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Foreign-Invested Enterprises, or SAFE Circular 19, which took effect on June 1, 2015. SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC provided that such usage shall fall into the scope of business of the foreign-invested enterprise, which will be regarded as the reinvestment of foreign-invested enterprise. In addition, SAFE promulgated the Circular Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment on October 23, 2019, or SAFE Circular 28, which took effect on the same day and pursuant to which all foreign-invested enterprises can make equity investments in the PRC with their capital funds in accordance with the law. As SAFE Circular 28 is new and the relevant government authorities have broad discretion in interpreting the regulation, it is unclear whether SAFE will permit such capital funds to be used for equity investments in the PRC in actual practice.

Due to the restrictions imposed on loans in foreign currencies extended to any PRC domestic companies, we are not likely to make such loans to the subsidiaries of 91health Hangzhou in China and our Consolidated Affiliated Entities, each a PRC domestic company. Meanwhile, we are not likely to finance the activities of our Consolidated Affiliated Entities by means of capital contributions given the restrictions on foreign investment in the businesses that are currently conducted by our Consolidated Affiliated Entities.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or record-filings on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or Consolidated Affiliated Entities or future capital contributions by us to 91health Hangzhou in China. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries or Consolidated Affiliated Entities when needed. If we fail to complete such registrations or record-filings, our ability to use foreign currency, including the [REDACTED] we received from our [REDACTED], and to [REDACTED] or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and they may determine that we or our Consolidated Affiliated Entities owe additional taxes, which could negatively affect our financial condition and the value of your [REDACTED].

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. The PRC enterprise income tax law requires every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its related parties to the relevant tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions

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that are inconsistent with arm’s length principles. We may face material and adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements were not entered into on an arm’s length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the income of our Consolidated Affiliated Entities in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our Consolidated Affiliated Entities for PRC tax purposes, which could in turn increase their tax liabilities without reducing our PRC subsidiaries’ tax expenses. In addition, the PRC tax authorities may impose late payment fees and penalties on our Consolidated Affiliated Entities for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our Consolidated Affiliated Entities’ tax liabilities increase or if it is required to pay late payment fees and other penalties.

In addition, in certain past equity transfers of Consolidated Affiliated Entities with individual persons as the transferors, we did not file tax reports or withhold individual income taxes for their equity transfer incomes as required by the Administrative Measures for Personal Income Tax on Income from Equity Transfers (for Trial Implementation), which may subject us to regulatory sanctions including, among others, payment order and fines.

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

On March 15, 2019, the National People’s Congress promulgated the Foreign Investment Law or the FIL, which became effective on January 1, 2020 and replaced the laws regulating foreign investment in China, namely, the PRC Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, as well their implementation rules and ancillary regulations. See “Regulatory Overview — Regulation Relating to Foreign Investment.”

Meanwhile, the Implementation Rules to the PRC Foreign Investment Law came into effect on January 1, 2020, which clarified and elaborated the relevant provisions of the Foreign Investment Law. However, uncertainties still exist in relation to interpretation and implementation of the FIL, especially in regard to, including, among other things, the nature of consolidated affiliated entity contractual arrangements and specific rules regulating the organization form of foreign-invested enterprises within the five-year transition period. While FIL does not define contractual arrangements as a form of foreign investment explicitly, it has a catch-all provision under definition of “foreign investment” that includes investments made by foreign investors in the PRC through other means as provided by laws, administrative regulations or the State Council, we cannot assure you that future laws and regulations will not provide for contractual arrangements as a form of foreign investment. Therefore, there can be no assurance that our control over our

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Consolidated Affiliated Entities through Contractual Arrangements will not be deemed as foreign investment in the future. In the event that any possible implementing regulations of the FIL, any other future laws, administrative regulations or provisions deem contractual arrangements as a way of foreign investment, or if any of our operations through Contractual Arrangements is classified in the “restricted” or “prohibited” industry in the future “negative list” under the FIL, our Contractual Arrangements may be deemed as invalid and illegal, and we may be required to unwind the Contractual Arrangements and/or dispose of any affected business. Also, if future laws, administrative regulations or provisions mandate further actions to be taken with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Furthermore, under the FIL, foreign investors or the foreign investment enterprise should be imposed legal liabilities for failing to report investment information in accordance with the requirements. In addition, the FIL provides that foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within a five-year transition period, which means that we may be required to adjust the structure and corporate governance of certain of our PRC subsidiaries in such transition period. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance, financial condition and business operations.

We may lose the ability to use and benefit from assets held by our Consolidated Affiliated Entities that are critical to the operation of our business if our Consolidated Affiliated Entities go bankrupt or become subject to dissolution or liquidation proceedings.

As part of our Contractual Arrangements, our Consolidated Affiliated Entities are or in the future may hold certain assets that are critical to the operation of our business, including intellectual property and premise and licenses of value-added telecommunication services or the Practice License of Medical Institution. If our Consolidated Affiliated Entities go bankrupt and all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities we currently conduct through the Contractual Arrangement, which could materially and adversely affect our business, financial condition and results of operations. Under the Contractual Arrangements, our Consolidated Affiliated Entities may not, in any manner, sell, transfer, mortgage or dispose of their assets or legal or beneficial interests in the business without our prior consent. In addition, if our Consolidated Affiliated Entities undergo a voluntary or involuntary liquidation proceeding, independent third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

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If we exercise the option to acquire equity interest of Hangzhou Kangming, this equity interest transfer may subject us to certain limitations and substantial costs.

Pursuant to the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises, or the FITE Regulations, promulgated by the State Council in December 2001, as amended, foreign investors are not allowed to hold more than 50% of the equity interest of any company providing certain value-added telecommunications services. Foreign ownership in medical institutions is similarly subject to restrictions under PRC regulations. Currently no applicable PRC laws or regulations provides clear guidance or interpretation on these requirements and restrictions. We still face the risk of not satisfying the requirement promptly or violating any restrictions. If PRC laws change to allow foreign investors to invest in value-added telecommunications enterprises or medical institutions in the PRC, we may be unable to unwind our Contractual Arrangements before we are able to comply with the relevant requirements.

Pursuant to the Contractual Arrangements, 91health Hangzhou has the irrevocable and exclusive right to purchase all or any part of the relevant equity interest in Hangzhou Kangming from the Registered Shareholders at any time and from time to time in their absolute discretion to the extent permitted by PRC laws. The consideration 91health Hangzhou pays for such purchases will be RMB24,000,000, or when higher price is required by relevant government authorities or PRC laws, the purchase price shall be the lowest price that meets such requirement. This equity transfer may be subject to approvals from, filings with, or reporting to competent PRC authorities, such as the Ministry of Commerce, the Ministry of Industry and Information Technology, the State Administration of Market Regulation, and/or their local competent branches. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authorities. The equity transfer price to be received by Hangzhou Kangming under the Contractual Arrangements may also be subject to enterprise income tax, and these amounts could be substantial.

If the chops of our PRC subsidiaries or Consolidated Affiliated Entities are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised.

In China, a company chop or seal serves as the legal representation of the company towards third parties even when unaccompanied by a signature. Each legally registered company in China is required to maintain a company chop, which must be registered with the local Public Security Bureau. In addition to this mandatory company chop, companies may have several other chops which can be used for specific purposes. The chops of our PRC subsidiaries or Consolidated Affiliated Entities are generally held securely by personnel designated or approved by us in accordance with our internal control procedures. To the extent those chops are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance

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of these entities could be severely and adversely compromised and those corporate entities may be bound to abide by the terms of any documents so chopped, even if they were chopped by an individual who lacked the requisite power and authority to do so. In addition, if the chops are misused by unauthorized persons, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve while distracting management from our operations.

Risks Related to Doing Business in China

Changes in China’s or global economic, political or social conditions or government policies could have a material and adverse effect on our business and operations.

Substantially all of our operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China’s economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments.

In addition, the global macroeconomic environment is facing challenges. For example, the COVID-19 pandemic has caused significant downward pressure for the global economy. In addition, the impact of the United Kingdom’s withdrawal from the European Union, commonly

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referred to as “Brexit”, and the resulting effect on the political and economic future of the U.K. and the European Union is uncertain. Brexit could adversely affect European and worldwide economic and market conditions, and could contribute to instability in global financial and foreign exchange markets. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

Uncertainties with respect to the PRC legal system could adversely affect us.

We conduct our business primarily through our PRC subsidiaries and our VIE in China. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries and our VIE in China are subject to laws and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value. The PRC legal system is evolving rapidly, and the interpretation of many laws, regulations and rules may contain inconsistencies and enforcement of these laws, regulations and rules involves uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. 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. Furthermore, the PRC legal system is based, in part, on government policies and internal rules, some of which are not published in a timely manner, or at all, but which may have retroactive effect. As a result, we may not always be aware of any potential violation of these policies and rules. Such unpredictability towards our contractual, property and procedural rights could adversely affect our business and impede our ability to continue our operations.

We are subject to PRC laws and regulations that could require us to modify our current business practices and incur increased costs.

We are subject to extensive national, provincial and local governmental regulations, policies and controls. Central governmental authorities and provincial and local authorities and agencies regulate many aspects of Chinese industries, including, among others and in addition to specific industry-related regulations, the following aspects: (i) operation of online medical service platforms; (ii) services for hospitals and pharmacies; (iii) provision of medical product supply

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chain solutions and retail services; (iv) environmental laws and regulations; (v) security laws and regulations; (vi) establishment of or changes in shareholder of foreign investment enterprises; (vii) foreign exchange; (viii) taxes, duties and fees; and (ix) customs.

The liabilities, costs, obligations and requirements associated with these laws and regulations may cause interruptions to our operations or impact our financial position and results of operations. Failure to comply with the relevant laws and regulations in our operations may result in various penalties, including, among others the suspension of our operations and thus adversely and materially affect our business, prospects, financial condition and results of operations. Additionally, there can be no assurance that the relevant government agencies will not change such laws or regulations or impose additional or more stringent laws or regulations. Compliance with such laws or regulations may require us to incur material capital expenditures or other obligations or liabilities. Legal requirements are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

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

The PRC anti-monopoly enforcement agencies have in recent years strengthened enforcement under the PRC Anti-monopoly Law. In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the MOFCOM, the NDRC and the SAIC, respectively. Since its inception, the SAMR has continued to strengthen anti-monopoly enforcement. On December 28, 2018, the SAMR issued the Notice on Anti-monopoly Enforcement Authorization, which grants authorities to its province-level branches to conduct anti-monopoly enforcement within their respective jurisdictions. On September 11, 2020, the Anti-monopoly Commission of the State Council issued Anti-monopoly Compliance Guideline for Operators, which requires, under the PRC Antimonopoly Law, operators to establish anti-monopoly compliance management systems to prevent anti-monopoly compliance risks. On February 7, 2021, the Anti-monopoly Commission of the State Council issued the Anti-monopoly Guide of the Anti-monopoly Commission of the State Council for the Platform Economy Sector (the “**Anti-monopoly Guide**”), which regulates the abuse of a dominant position and other anti-competitive practices of online platforms.

Pursuant to Section 19 of the PRC Anti-monopoly Law, a market participant that has more than 50% of the market share in a relevant market is presumed to have a dominant position in that market. The markets that we operate in are new and rapidly developing with a large number of

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participants focusing on different aspects of the markets and constantly attracting new participants, which mitigates the risk of violating the Anti-monopoly Guide for the industry participants. We also believe that the regulatory environment in general has been favorable to the development of digital medical service market and our company. For example, in March 2020, the National Health Commission and National Healthcare Security Administration issued Guidance on the Development of “Internet+” Medical Insurance Services During the Prevention and Control of the New Coronavirus Outbreak which permitted doctors to provide online prescriptions for insured patients. Patients are allowed to collect medicine through various online channels for offline delivery. In September 2019, National Development and Reform Commission carried out Action Plan for Promoting High Quality Development of Health Industry (2019-2022) which encouraged online prescription service and third-party distribution of drugs and accelerated the development of online retail pharmacy industry by supporting pharmaceutical delivery services. However, as there are significant uncertainties with respect to the interpretation and enforcement of anti-monopoly regulations, we may in the future receive greater scrutiny and attention from regulators and more frequent and stringent investigation or review by regulators, which will increase our compliance costs, and it could be time-consuming to comply with the relevant regulations described above.

We may be required to obtain prior approval or subject to filings or other requirements from the CSRC or other PRC regulatory authorities for the [REDACTED] and [REDACTED] of our Shares on the Stock Exchange.

The M&A Rules include, among other things, provisions that purport to require that an offshore special purpose vehicle formed for the purpose of an overseas listing of securities in a PRC company obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by special purpose vehicles. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles. Our PRC Legal Advisor is of the opinion that prior CSRC approval under the M&A Rules for this [REDACTED] is not required because our foreign-invested enterprises were incorporated as foreign-invested enterprises without involving acquisition of the equity or assets of a “PRC domestic company,” especially a PRC company owned by beneficial owners who are PRC companies or individuals, as such term is defined under the M&A Rules. However, we cannot assure you that the relevant PRC government authorities, including the CSRC, will reach the same conclusion as our PRC Legal Advisor, and in such event we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory authorities.

In addition, on December 24, 2021, the CSRC promulgated the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) and the Administrative Measures for the Filing of Overseas Securities

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Offering and Listing by Domestic Companies (Draft for Comments) (collectively, the “**Drafts for Comments**”), which, among others, require certain companies to fulfill a filing procedure in respect of their offering and listing on overseas stock markets if such companies satisfy the criteria set forth in the Drafts for Comments. As the Drafts for Comments were released only for public comment, the final version and the effective date thereof may be subject to change with substantial uncertainty. The Drafts for Comments do not include detailed requirements relating to the form and substance of the documents to be filed, and the CSRC may subsequently formulate and publish guidelines in this regard. For more details, see “Regulatory Overview — Regulations Relating to Overseas Offering and Listing by Domestic Companies.”

If the CSRC or other relevant PRC government authorities subsequently determine that prior CSRC approval, filing or other procedures is required, we cannot assure you that we can obtain the required approval or complete the required filings or other regulatory procedures in a timely manner, or at all. Any failure to obtain the relevant approval or complete the filings and other relevant regulatory procedures may subject us to regulatory actions or other sanctions from the CSRC or other PRC regulatory authorities, which may have material adverse effect on our business, operation or financial conditions. Consequently, if you engage in market [REDACTED] or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur.

Failure to pay the social insurance and housing provident funds for any on behalf of our employees in accordance with the Labor Contract Law or comply with other PRC regulations may have an adverse impact on our financial conditions and results of operation.

PRC companies are required to pay for their employees’ social insurance (in most cases including pension insurance, unemployment insurance, medical insurance, work-related injury insurance and maternity insurance) and housing provident funds in amounts equal to certain percentage of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their business.

According to the applicable PRC laws and regulations, an employer must open social insurance registration account and housing provident funds account and pay social insurance and housing provident funds for its employees. During the Track Record Period, some of our PRC subsidiaries engaged a third-party human resources agency in paying social insurance and housing provident funds for certain of our employees mainly to provide such payments for certain of our local sales and marketing personnel based in various cities. As of the Latest Practicable Date, the human resources agency has fully paid insurance premiums and housing provident funds according to the relevant agreements between us and relevant laws and regulations. The human resources agency also confirmed that if it failed to pay the insurance premium and housing provident funds

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due to its fault, or if we are subject to any penalty due to any non-payment arising from its default, the human resources agency would compensate us for the losses incurred. However, pursuant to applicable PRC laws and regulations, we are required to pay social insurance and housing provident funds for our employees under our own accounts instead of through third-parties, and our contributions of social insurance and housing provident funds made through third-parties may not be viewed as contributions made by us. As a result, we may be required to pay these amounts, and we could be further subject to late payment penalties or enforcement applications. In addition, as of the Latest Practicable Date, none of these subsidiaries had received any administrative penalty or labor arbitration application from employees for its agency arrangement with the third-party human resources agency.

As the interpretation and implementation of labor laws and regulations are still evolving, we cannot assure you that our employment practice policy would at all times be deemed as in full compliance with labor-related laws and regulations in the PRC, which might subject us to labor disputes or governmental investigations, which might adversely affect our financial condition and operation.

We may be required to register our operating offices outside of our registered addresses as branch offices under PRC law.

Under PRC law, a company setting up premises for business operations outside its registered address must register them as branch offices with the relevant local market regulation bureau at the place where the premises are located and obtain business licenses for them as branch offices. We may not be able to register branch offices in a timely manner due to complex procedural requirements and relocation of branch offices from time to time. If the PRC regulatory authorities determine that we are in violation of the relevant laws and regulations, we may be subject to penalties, including fines, confiscation of income and suspension of operation. If we become subject to these penalties, our business, results of operations, financial condition and prospects could be materially and adversely affected.

Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your [REDACTED].

The conversion of RMB into foreign currencies, including Hong Kong dollars and U.S. dollars, is based on rates set by the People's Bank of China. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollars, the U.S. dollar or other currencies in the future. The value of RMB against the Hong Kong dollars, U.S. dollar and other currencies is affected by changes in China's political and economic

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conditions and by China's foreign exchange policies, among other things. We cannot assure you that RMB will not appreciate or depreciate significantly in value against Hong Kong dollars and the U.S. dollar in the future.

We conduct our businesses mainly in RMB. Any significant appreciation or depreciation of RMB may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our Shares. For example, to the extent that we need to convert Hong Kong dollars and U.S. dollars we receive into RMB to pay our operating expenses, appreciation of RMB against the Hong Kong dollars and the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of RMB against the Hong Kong dollars and the U.S. dollar may significantly reduce the Hong Kong dollars or the U.S. dollar equivalent of our earnings, which in turn could adversely affect the [REDACTED] of our Shares.

To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your [REDACTED].

Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your [REDACTED].

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in RMB. Under our current corporate structure, our Company in the Cayman Islands may rely 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 wholly foreign-owned subsidiaries in China 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, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. However, approval from or registration with appropriate government authorities or delegated banks is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign

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currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies 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.

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

PRC regulations and rules concerning mergers and acquisitions including the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, the M&A Rules require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds famous trademarks or PRC time-honored brands.

Moreover, the Anti-Monopoly Law requires that the antitrust governmental authority shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. On February 7, 2021, the Anti-Monopoly Committee of the State Council published the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《關於平臺經濟領域的反壟斷指南》), which stipulates that any concentration of undertakings involving variable interest entities (VIE structure) shall fall within the scope of anti-monopoly review. If a concentration of undertakings meets the criteria for declaration as stipulated by the State Council, an operator shall report such concentration of undertakings to the anti-monopoly law enforcement agency under the State Council in advance. Therefore, our acquisitions of other entities that we have made before or make in the future (whether by ourselves, our subsidiaries or through our variable interest entities) and that meets the criteria for declaration, may be required to be reported to and approved by the anti-monopoly law enforcement agency.

It has been long debated whether transactions involving internet companies with a VIE structure are subject to prior filing of notification requirements since filing of notification of concentration of undertaking made by couples of Internet companies involving a VIE structure were not accepted in the past. Due to such regulatory history in the industry and as a matter of common industry practice in the past, we did not file notification with the anti-monopoly law enforcement authority (i.e. SAMR) for historical acquisitions prior to the implementation. In November 2020, the draft Anti-Monopoly Guidelines for the Internet Platform Economy Sector, for the first time, expressly included concentrations involving a VIE structure within the ambit of

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SAMR’s merger control review if the reporting thresholds are triggered. Furthermore, in December 2020, SAMR has, for the first time, formally penalized three internet companies with VIE structures for failure to file prior notifications of implementing concentrations. As of the date of this document, we have not received inquiries or been subject to investigations or penalties for not filing notifications with SAMR. If we were found to be in non-compliance with the relevant laws and regulations, as advised by our PRC Legal Adviser, we could be subject to penalties including a fine of up to RMB500,000 for the failure to file prior notification for an acquisition, and in extreme case being ordered to terminate the contemplated concentration, to dispose of our equity or asset within a prescribed period, to transfer our business within a prescribed time or to take any other necessary measures to return to the pre-concentration status.

In addition, the security review rules issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. These laws and regulations are continually evolving as newly enacted Foreign Investment Law took effect. On December 19, 2020, the Measures for the Security Review for Foreign Investment was jointly issued by NDRC and MOFCOM and took effect from January 18, 2021. The Measures for the Security Review for Foreign Investment specified provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts or other relevant government agencies may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises “national defense and security” or “national security” concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

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

The Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or SAFE Circular 75, requires PRC residents to register with the relevant local branch of SAFE before establishing or controlling any company outside of China, referred to as an offshore special purpose company, for the purpose of raising funds from overseas to acquire or exchange the assets of, or acquiring equity interests in, PRC entities held by such PRC residents and to update such registration in the event of any significant changes with respect to that offshore company. SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, in July 2014, which replaced SAFE Circular 75. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." The term "control" under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period; or any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. In February 2015, SAFE issued the Circular of the SAFE on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on Direct Investment, or SAFE Circular 13, which took effect on June 1, 2015. SAFE Circular 13 has delegated to the qualified banks the authority to register all PRC residents' investment in "special purpose vehicle" pursuant to SAFE Circular 37,

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except that those PRC residents who have failed to comply with SAFE Circular 37 will remain to fall into the jurisdiction of the local SAFE branch and must make their supplementary registration application with the local SAFE branch.

If our shareholders or beneficial owners who are PRC residents do not complete their registration or change of the registration with the local SAFE branches or qualified local banks or complete annual filing of its existing rights under offshore direct investment, our PRC subsidiaries may be prohibited from distributing to us its profits and proceeds from any reduction in capital, share transfer or liquidation, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions. We have requested PRC residents who we know hold direct or indirect interest in our Company to make the necessary applications, filings and amendments as required under SAFE Circular 37 and other related rules. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our Company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements under SAFE Circular 37 or other related rules. The failure or inability of our PRC resident shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, restrict our cross-border investment activities, limit the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us, and we may also be prohibited from injecting additional capital into these subsidiaries. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, issued by SAFE in February 2012, employees, directors, supervisors and other senior management participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. We and our directors, executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who

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have been granted restricted shares, restricted share units or options are subject to these regulations. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our wholly foreign-owned subsidiaries in China and limit these subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors and employees under PRC law.

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

Our business benefits from certain government grants, financial incentives, tax refunds and other discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

In the past, local governments in China granted certain financial incentives from time to time to our PRC subsidiaries or our VIE as part of their efforts to encourage the development of local businesses. In 2019, 2020 and 2021, we recognized RMB0.4 million, RMB3.1 million and RMB17.7 million of income from government grants in combined statements of profit or loss, respectively, which were non-recurring in nature. In addition, several COVID-19 related government policy support measures, such as relief of social security and waiver of toll charges, the exact magnitude of which cannot be quantified, have also contributed to the improvement our financial performance in 2020 and early 2021. According to the Announcement on Corporate Income Tax Policies for Promoting High-quality Development of the Integrated Circuit and Software Industries issued by the Ministry of Finance and other relevant authorities on December 11, 2020, key integrated circuit (IC) design enterprises and software enterprises encouraged by the State will be exempted from EIT during the first to the fifth year from the year they begin to make profits, and will be subject to a reduced EIT rate at 10% in the subsequent years.

On March 29, 2021, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Finance other relevant authorities issued the Notice on the Relevant Requirements for the Formulation of the List of Integrated Circuit Enterprises, Integrated Circuit Projects and Software Enterprises Entitled to Preferential Tax Policies, or the Notice. According to the Notice, enterprises applying for joining such list shall, in principle, submit their applications through the information system from March 25 to April 16

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each year, and submit necessary supporting materials to competent Development and Reform Commission or the Ministry of Industry and Information Technology of all provinces, autonomous regions, municipalities directly under the Central Government, cities specifically designated in the state plan, and Xinjiang Production and Construction Corps for examination. Applicants are not be guaranteed preferential tax policies. The timing, amount and criteria of government financial incentives are often determined within the discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. We cannot assure you of the continued availability of the government incentives currently enjoyed by our PRC subsidiaries or our VIE. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the Enterprise Income Tax Law of the PRC, or the EIT Law, and its implementation rules, an enterprise established outside of the PRC with “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. On April 22, 2009, the State Administration of Taxation, or the SAT issued a circular, known as 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. 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 enterprise 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 human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. If the PRC tax

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authorities determine that we should be classified as a PRC resident enterprise for PRC tax purposes, our global income will be subject to income tax at a uniform rate of 25%, which may have a material adverse effect on our financial condition and results of operations. Notwithstanding the foregoing provision, the EIT Law also provides that, if a PRC resident enterprise directly invests in another PRC resident enterprise, the dividends received by the investing PRC resident enterprise from the invested PRC resident enterprise are exempted from income tax, subject to certain conditions. However, it remains unclear how the PRC tax authorities will interpret the PRC tax resident treatment of an offshore company with indirect ownership interests in PRC resident enterprises through intermediary holding companies.

Moreover, if the PRC tax authorities determine that our Company is a PRC resident enterprise for PRC enterprise income tax purposes, gains realized on the sale or other disposal of our 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. Any such tax may reduce the returns on your [REDACTED] in our Shares.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies, and heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

The SAT has issued several rules and notices to tighten the scrutiny over acquisition transactions in recent years, including the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises issued in December 2009, or SAT Circular 698, the Notice on Several Issues Regarding the Income Tax of Non-PRC Resident Enterprises promulgated issued in March 2011, or SAT Circular 24, and the Notice on Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-PRC Resident Enterprises issued in February 2015, or SAT Circular 7. Pursuant to these rules and notices, if a non-PRC resident enterprise indirectly transfers PRC taxable properties, referring to properties of an establishment or a place in the PRC, real estate properties in the PRC or equity investments in a PRC tax resident enterprise, by disposing of equity interest in an overseas holding company, such indirect transfer should be deemed as a direct transfer of PRC taxable properties and gains derived from such indirect transfer may be subject to the PRC withholding tax at a rate of up to 10%. SAT Circular 7 sets out several factors to be taken into consideration by tax authorities in determining whether an indirect transfer has a reasonable commercial purpose. An indirect transfer satisfying all the following criteria will be deemed to lack reasonable commercial purpose and be taxable under PRC law: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from the PRC taxable properties; (ii) at any time during the one-year period before the indirect transfer, 90% or more of the asset value of the intermediary

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

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

Under SAT Circular 7 and SAT Public Notice 37, the entities or individuals obligated to pay the transfer price to the transferor are the withholding agents and must withhold the PRC income tax from the transfer price if the indirect transfer is subject to the PRC enterprise income tax. If the withholding agent fails to do so, the transferor should report to and pay the tax to the PRC tax authorities. In the event that neither the withholding agent nor the transferor fulfills their obligations under SAT Circular 7 and SAT Public Notice 37, according to the applicable law, apart from imposing penalties such as late payment interest on the transferor, the tax authority may also hold the withholding agent liable and impose a penalty of 50% to 300% of the unpaid tax on the withholding agent. The penalty imposed on the withholding agent may be reduced or waived if the withholding agent has submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with SAT Circular 7. In certain past repurchases of shares, we did not file tax reports or withhold individual income taxes for such repurchase incomes as required by Bulletin 7, which may subject us to regulatory sanctions including, among others, payment order and fines.

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

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

Our leasehold interests in leased properties have not been registered with the relevant PRC governmental authorities as required by relevant PRC laws. The failure to register leasehold interests may expose us to potential fines.

During the Track Record Period, we leased a number of properties for various functions. We have not registered our lease agreements with the relevant government authorities. Under the relevant PRC laws and regulations, we may be required to register and file with the relevant government authority executed leases. The failure to register the lease agreements for our leased properties will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the prescribed time frame. The maximum penalty that we may be liable in relation to the failure of registering lease agreements during the Track Record Period was approximately RMB570,000. See “Business — Properties and Facilities.”

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Risks Related to the [REDACTED]

There has been no [REDACTED] market for our Shares prior to the [REDACTED], and you may not be able to resell our Shares at or above the [REDACTED] you pay, or at all.

Prior to the completion of the [REDACTED], there has been no [REDACTED] for our Shares. There can be no guarantee that an active [REDACTED] market for our Shares will develop or be sustained after completion of the [REDACTED]. The [REDACTED] is the result of negotiations between our Company and the [REDACTED] (for themselves and on behalf of the [REDACTED]), which may not be indicative of the [REDACTED] at which our Shares will be [REDACTED] following completion of the [REDACTED]. The [REDACTED] of our Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

The [REDACTED] of the Shares may be volatile which could result in substantial losses to you.

The [REDACTED] 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 [REDACTED] of other companies with business operations located mainly in China that have [REDACTED] their securities in Hong Kong may affect the volatility in the [REDACTED] of and [REDACTED] volumes for our Shares. A number of China-based companies have [REDACTED] their securities, and some are in the process of preparing for [REDACTED] their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their [REDACTED]. The trading performances of the securities of these companies at the time of or after their [REDACTED] may affect the overall investor sentiment towards China-based companies listed in Hong Kong and consequently may impact the [REDACTED] performance of our Shares. These broad market and industry factors may significantly affect the [REDACTED] and volatility of our Shares, regardless of our actual operating performance, and may result in losses on your [REDACTED] in our Shares.

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

Future sales of a substantial number of our Shares, especially by our directors, executive officers and substantial shareholders, or the perception or anticipation of such sales, could negatively impact the [REDACTED] 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.

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The Shares held by our substantial shareholders are subject to certain lock-up periods beginning on the date on which [REDACTED] in our Shares [REDACTED]. See “[REDACTED] — Lock-up Arrangements” for further details. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. In addition, certain existing shareholders of our Shares are not subject to lock-up agreements. [REDACTED] of Shares by such shareholders and the availability of these Shares for future sale may have negative impact on the [REDACTED] of our Shares. See “History, Reorganisation, and Corporate Structure — [REDACTED] Investments” for more details of the existing shareholders not subject to lock-up agreements.

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

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

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

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

Our board of directors has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts at they fall due in the ordinary course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your [REDACTED] in our Shares will likely depend entirely upon any future [REDACTED] appreciation of our

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Shares. There is no guarantee that our Shares will appreciate in value or even maintain the [REDACTED] at which you purchased the Shares. You may not realize a return on your [REDACTED] in our Shares and you may even lose your entire [REDACTED] in our Shares.

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may use the [REDACTED] from the [REDACTED] in ways that you may not agree with or that do not yield favorable returns for our Shareholders. We plan to use the [REDACTED] from the [REDACTED] to expand our businesses, enhance our technology infrastructure and data insight, promote sales and marketing, conduct potential investments and acquisitions or strategic alliances. See “Future Plans and [REDACTED]” in this document. However, our management will have discretion as to our actual use of the [REDACTED]. You are entrusting your funds to our management, upon whose judgment you must depend for the specific uses we will make of the [REDACTED] from this [REDACTED].

We are a Cayman Islands exempted company and, because judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, you may have difficulties in protecting your shareholder rights.

Our corporate affairs are governed by our Memorandum and Articles and by the Cayman Companies Act and common law of the Cayman Islands. The rights of 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 existence in the jurisdictions where minority Shareholders may be located. See the section headed “Appendix III — Summary of the constitution of our Company and Cayman Islands company law.” As a result of all of the above, minority Shareholders may enjoy different remedies when compared to the laws of the jurisdiction such shareholders are located in.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry expert reports, contained in this document.

This document, particularly the sections headed “Business” and “Industry Overview,” contains information and statistics relating to the market in which we operate. Such information and statistics have been derived from third-party reports, either commissioned by us or publicly

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accessible and other publicly available sources. 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. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the [REDACTED], the [REDACTED], the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED] or any other party involved in the [REDACTED], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED].

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

There will be a time gap of several business days between [REDACTED] and [REDACTED] of our Shares [REDACTED] in the [REDACTED]. Holders of our Shares are subject to the risk that [REDACTED] of our Shares could fall during the period before [REDACTED] of our Shares begins.

The [REDACTED] of our Shares is expected to be determined on the [REDACTED]. However, our Shares will not [REDACTED] until they are delivered, which is expected to be five Hong Kong business days after the pricing date. As a result, [REDACTED] 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 [REDACTED] of our Shares could fall before [REDACTED] begins as a result of unfavorable market conditions, or other adverse developments, that could occur between the time of [REDACTED] and the time [REDACTED] begins.