

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

BUSINESS DEVELOPMENT

Overview

We are one of the leading companies in China’s healthcare industry, driven by big data and technologies, that is committed to providing big data solutions to corporate clients. According to the iResearch Report, we ranked first for the medical products and channel segment of healthcare big data solutions in the PRC in 2020 in terms of (i) revenue; (ii) number of top medical product manufacturers; and (iii) number of corporate clients served. Our business can be traced back to December 2007, when our founder, Mr. Wu, who envisaged the potential business opportunity of providing integrated healthcare big data solutions and founded Sinohealth Information, the principal operating subsidiary of our Group, brought a wealth of experience from his previous tenure at the NMPA Southern Medicine Economic Research Institute (國家藥品監督管理局南方醫藥經濟研究所), where he was the general manager of the information center. Since our inception, we have been focusing on data acquisition, data standardization, data analytic application and resource integration in the healthcare industry. Backed by the big data, cloud-based information systems and AI technologies and Healthcare Industry Participant Networks which we have established over the years, we currently operate three business segments, including (i) Data Insight Solutions, (ii) Data-driven Publications and Connections and (iii) SaaS.

Business Milestones

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

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

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

OUR MAJOR SUBSIDIARIES AND OPERATING ENTITIES

Sinohealth Information

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

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

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

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Notes:

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

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

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

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

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

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Other Subsidiaries

Set out below are the details of the other subsidiaries of our Group upon the [REDACTED]:

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

Subsidiaries under Sinohealth Information

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

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Name of entity	Principal/proposed business activities	Date of incorporation	Registered capital (onshore company)/ Issued share capital (offshore company)	Direct shareholder(s)
Hainan Sinohealth	It had been previously engaged in the operation under the business segment of Data-driven Publications and Connections. It subsequently ceased operation since January 2021 after WFOE took over its business. It is intended to provide internet information services which are subject to foreign ownership restrictions. For details, see "Contractual Arrangements" in this document.	26 December 2019	RMB1,000,000	100%: Sinohealth Information
Guangzhou Xinyi	Investment holding of Guangzhou Xinshun	15 April 2020	RMB1,000,000	100%: Sinohealth Information
Sinohealth Junyi	It had been previously engaged in the operation under (i) the business segment of Data-driven Publications and Connections, and (ii) the Smart Medical Cloud under the business segment of SaaS which are not subject to foreign ownership restrictions. It subsequently ceased operation since September 2021 after the remaining contracts of the aforesaid business were completed. It is intended to provide internet information services which are subject to foreign ownership restrictions. For details, see "Contractual Arrangements" in the document.	23 April 2020	RMB3,000,000	(i) 70%: Sinohealth Information; and (ii) 30%: Mr. Sun Zihao (孫梓豪) ^(Note) (an employee of our Group)
Guangzhou Zhuomuniao	It has not commenced business operation since its establishment and up to the Latest Practicable Date. It is intended to provide internet information services which is subject to foreign ownership restrictions.	14 October 2020	RMB1,000,000	100%: Sinohealth Jianshu
Guangzhou Xinshun	It had been previously engaged in the operation under the business segments of Data Insight Resolutions and SaaS which is not subject to foreign ownership restrictions. It subsequently ceased operation since September 2021 after the remaining contracts of the aforesaid business were completed. It is intended to provide internet information services which are subject to foreign ownership restrictions. For details, see "Contractual Arrangements" in this document.	22 October 2020	RMB10,000,000	(i) 35%: Guangzhou Xinyi; (ii) 30%: Guangzhou Xinkang; and (iii) 35%: Mr. Xiao Lin (肖淋) (an employee of our Group) ^(Note)
Jiangxi Xinshun	It has not commenced business operation since its establishment and up to the Latest Practicable Date, and is intended to provide internet information services which are subject to foreign ownership restrictions. For details, see "Contractual Arrangements" in this document.	29 January 2021	RMB5,000,000	100%: Guangzhou Xinshun
Subsidiaries under WFOE				
Guangzhou Jisi	It has not commenced business operation since its establishment and up to the Latest Practicable Date, and is intended to be engaged in the operation of Smart Medical Cloud under the business segment of SaaS.	22 May 2019	RMB1,000,000	(i) 75%: WFOE; and (ii) 25%: Mr. Tang (the chief technology officer of our Group) ^(Note)
Guangzhou Xisi	It is principally engaged in the operation of Smart Health Management Cloud under the business segment of SaaS.	4 June 2019	RMB1,000,000	100%: WFOE

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

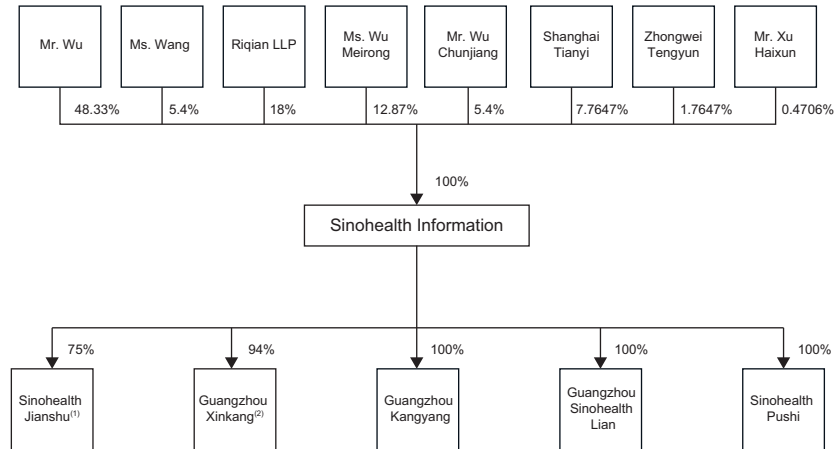
Note:

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

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OUR GROUP STRUCTURE PRIOR TO REORGANIZATION

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



Notes:

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

REORGANIZATION

In preparation for the [REDACTED] and to streamline our corporate structure, we underwent the Reorganization.

Offshore Reorganization

Incorporation of Offshore Investment Holding Entities

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

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

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Incorporation of our Company

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

Incorporation of Offshore Subsidiaries

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

Share Subdivision

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

Allotment and Issue of Shares to Offshore Holding Companies

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

Allottee	Allottee shareholder(s)/ beneficial owner(s)	Consideration	Number of allotted Shares held by each Shareholder		Shareholding upon completion of the allotment and issue
			before the allotment and issue	after the allotment and issue	
Wellmark BVI . . .	Mr. Wu	At par	100	2,416,400	48.33%
WLF BVI	Ms. Wang	At par	0	270,000	5.4%

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

Onshore Reorganization

Establishment of WFOE and Onshore Subsidiaries

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

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

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

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Reduction of Registered Capital of Sinohealth Information

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

Acquisition of Guangzhou Jiasi

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

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

Deregistration of Subsidiaries of Sinohealth Information

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

Guangzhou Rilang

Guangzhou Rilang was established in the PRC with limited liability on 6 January 2020. Upon its establishment, the general partner of Guangzhou Rilang was Ms. Zhang Jun (張軍) (an Independent Third Party) holding 90% interests and the remaining one limited partner was Mr. Lv Shijian (then employee of our Group) holding 10% interests. Subsequently, in March 2021, due to funding needs for development of her other personal businesses, Ms. Zhang Jun decided to cease to be the general partner of Guangzhou Rilang and dispose her investment in Guangzhou Rilang. As Guangzhou Rilang held 3% equity interests in Guangzhou Kangpu at that time, and to enhance the management and control by our Group in Guangzhou Kangpu, Guangzhou Xinyi took up the investment of Ms. Zhang Jun. On 22 March 2021, Guangzhou Xinyi, Mr. Lv Shijian and Ms. Zhang Jun entered into a partnership amendment agreement, pursuant to which, Ms.

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Zhang Jun ceased to be the general partner of Guangzhou Rilang, and Guangzhou Xinyi subscribed for 90% interests in Guangzhou Rilang at the consideration of RMB81,000 which was determined with reference to the then paid-up registered capital of Guangzhou Rilang and became its general partner. In April 2021, considering Mr. Lv Shijian ceased to be an employee of our Group due to personal reasons, Sinohealth Information decided to take up the investment of Mr. Lv Shijian in Guangzhou Rilang, and in turn in Guangzhou Kangpu. On 28 April 2021, Guangzhou Xinyi, Sinohealth Information and Mr. Lv Shijian entered into a partnership termination agreement, pursuant to which, Mr. Lv Shijian ceased to be a limited partner of Guangzhou Rilang and Sinohealth Information acquired the 10% interest in Guangzhou Rilang from Mr. Lv Shijian at the consideration of RMB9,000 which was determined with reference to the then paid-up registered capital of Guangzhou Rilang and became its limited partner. After the completion of the said changes in partnership on 30 May 2021 and immediately prior to its deregistration, the general partner of Guangzhou Rilang was Sinohealth Xinyi holding 90% interests and the remaining one limited partner was Sinohealth Information holding 10% interests.

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

Guangzhou Kangpu

Guangzhou Kangpu was established in the PRC with limited liability on 10 March 2020. Upon its establishment, Guangzhou Kangpu was held as to 64%, 33% and 3% by Sinohealth Information, Mr. Lv Shijian (then employee of our Group) and Guangzhou Rilang, respectively. In April 2021, considering Mr. Lv Shijian ceased to be an employee of our Group due to personal reasons, Sinohealth Information decided to take up the investment of Mr. Lv Shijian in Guangzhou Kangpu. On 28 April 2021, Mr. Lv Shijian, Guangzhou Rilang and Sinohealth Information entered into an equity interest agreement, pursuant to which, Sinohealth Information acquired 33% and 3% equity interests in Guangzhou Kangpu from Mr. Lv Shijian and Guangzhou Rilang at the consideration of RMB990,000 and RMB1, respectively, each of which was determined with reference to the then paid-up registered capital of Guangzhou Kangpu in the amount of RMB990,000, which was all paid up by Mr. Lv Shijian. The transfers had been properly and legally settled. After the completion of the said transfers on 20 May 2021 and immediately prior to its deregistration, Guangzhou Kangpu was wholly owned by Sinohealth Information. Guangzhou Kangpu had previously engaged in the provision of the Growth and Investment Decision Solutions under our business segment of Data Insight Solutions. Guangzhou Kangpu subsequently ceased operation since June 2021 after WFOE took over its business. In view of its dormant status, to simplify our Group's structure, Guangzhou Kangpu had applied for deregistration and was deregistered and ceased to be our Group company on 11 August 2021, and was therefore not included in the [REDACTED]. For the year ended 31 December 2020, Guangzhou Kangpu recorded revenue of approximately RMB238,000, gross loss of approximately RMB1,641,000 and net loss of approximately RMB1,646,000, and net assets of approximately RMB1,264,000 as at 31 December 2020. For the nine months ended 30 September 2021, Guangzhou Kangpu did not record any revenue, with only gross loss of approximately RMB16,000 and net profit of approximately RMB6,000. As at 30 September 2021, Guangzhou Kangpu did not record any assets or liabilities. Our Directors confirm that Guangzhou Kangpu was not a subject of any material non-compliant incidents, claims, litigation or legal proceedings (whether actual or threatened) during the Track Record Period.

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Guangzhou Kangyang

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

Guangzhou Sinohealth Lian

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

Sinohealth Pushi

Sinohealth Pushi was established in the PRC with limited liability on 25 October 2017. Upon its establishment, Sinohealth Pushi was held as to 70% and 30% by Sinohealth Information and Mr. Qin Jianzeng (秦建增) (then employee of our Group), respectively. Since Mr. Qin Jianzeng subsequently ceased to be our employee, pursuant to an equity transfer agreement dated 4 February 2021, Sinohealth Information acquired 30% equity interests in Sinohealth Pushi from Mr. Qin Jianzeng at a consideration of RMB1,500,000 which was determined after arm's length negotiation with reference to the (i) then paid-up registered capital of Sinohealth Pushi in the amount of RMB10,000,000; and (ii) net liabilities of Sinohealth Pushi as at 28 February 2021 in the amount of approximately RMB4,530,000 due to the research and development fees incurred at the initial stage of its business development. Sinohealth Information paid a total amount of RMB3,000,000 to Mr. Qin Jianzeng, with RMB1,500,000 as consideration of the acquisition and the remaining for settlement of an amount due to Mr. Qin Jianzeng by Sinohealth Pushi of RMB1,500,000. The transfer had been properly and legally settled. After the completion of the said transfer on 1 March 2021 and immediately prior to its deregistration, Sinohealth Pushi was a wholly-owned subsidiary of Sinohealth Information. Sinohealth Pushi had previously engaged in the joint research and development of AI-MDT products under our business segment of SaaS together with Sinohealth Information. Sinohealth Pushi ceased operation upon completion of the process of transferring its business to Guangzhou Xisi in July 2021. In view of its dormant status, to simplify our Group's structure, Sinohealth Pushi had applied for deregistration, which was completed on 22 December 2021. Upon deregistration, Sinohealth Pushi ceased to be our Group company, and was therefore not included in our Group. While Sinohealth Pushi did not record any revenue and gross profit for the two years ended 31 December 2019, it recorded net loss of approximately RMB2,038,000 and RMB5,397,000 for the years ended 31 December 2018 and 2019, respectively, and net assets of approximately RMB7,960,000 and RMB2,562,000 as at 31 December 2018 and 2019, respectively. For the year ended 31 December 2020 and the nine months ended 30 September 2021, Sinohealth Pushi recorded revenue of approximately

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

RMB200,000 and RMB219,000, gross profit of RMB57,000 and RMB213,000, net loss of approximately RMB6,891,000 and RMB367,000, respectively, and net liabilities of RMB4,328,000 and RMB4,695,000 as at 31 December 2020 and 30 September 2021, respectively. Our Directors confirm that Sinohealth Pushi was not a subject of any material non-compliant incidents, claims, litigation or legal proceedings (whether actual or threatened) during the Track Record Period.

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

Guangzhou Junyi

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

Sinohealth Tong

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

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

Implementation of the Contractual Arrangements

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

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRC Regulatory Compliance

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

[REDACTED] INVESTMENTS

Information of our [REDACTED] investors

Shanghai Tianyi

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

Ms. Shu Meizhen

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

Mr. Xu Haixun

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

Zhongwei Tengyun

Zhongwei Tengyun is a limited partnership enterprise established in the PRC on 13 November 2017 and controlled by Shanghai Tianyi, which is in turn controlled by Mr. Yu Rong.

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For further details of Shanghai Tianyi, see “[REDACTED] Investments—Information of our [REDACTED] investors—Shanghai Tianyi” in this section. Zhongwei Tengyun became our [REDACTED] investor after the acquisition of shares in Sinohealth Information from Ms. Shu Meizhen in September 2018. Zhongwei Tengyun is an Independent Third Party.

Background and Strategic Benefits of Investments

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

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

Details of Investments

Investment Agreements

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

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

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(iii) Mr. Xu Haixun subscribed for 188,236 new shares (representing approximately 0.4706% of its enlarged share capital) of Sinohealth Information for a consideration of RMB8,000,000.

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

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

Share Transfer Agreement

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

Set forth below is the summary of the investments of our [REDACTED] investors:

	Name of [REDACTED] investor			
	Shanghai Tianyi	Ms. Shu Meizhen	Mr. Xu Haixun	Zhongwei Tengyun
Amount of consideration	Investment Agreements			
	RMB170,000,000, which was determined based on arm's length negotiations with reference to the then estimated revenue of RMB113 million of our Group for the year ended 31 December 2016			
	Share Transfer Agreement			
	RMB37,000,000, which was determined based on their arm's negotiations and taking into account the investment return for Ms. Shu Meizhen			
Settlement date of consideration	9 May 2017	10 May 2017	11 May 2017	7 September 2018
Shareholding in our Company upon [REDACTED]^(Note 1)	[REDACTED] Shares through Shanghai Tianyi BVI, representing approximately [REDACTED]% and [REDACTED]% of the issued share capital of our Company upon the [REDACTED] and upon [REDACTED], respectively	N/A ^(Note 2)	[REDACTED] Shares through Hansson BVI, representing approximately [REDACTED]% and [REDACTED]% of the issued share capital of our Company upon the [REDACTED] and upon [REDACTED], respectively	[REDACTED] Shares through Zhongwei Tengyun BVI, representing approximately [REDACTED]% and [REDACTED]% of the issued share capital of our Company upon the [REDACTED] and upon [REDACTED], respectively

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

	Name of [REDACTED] investor			
	Shanghai Tianyi	Ms. Shu Meizhen	Mr. Xu Haixun	Zhongwei Tengyun
Cost per Share paid by the [REDACTED] investors (taking into account the [REDACTED])	<p>Investment Agreements</p> <p>Approximately HK\$[REDACTED] (representing a discount of approximately [REDACTED]% to the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED])</p> <p>Share Transfer Agreement</p> <p>Approximately HK\$[REDACTED] (representing a discount of approximately [REDACTED]% to the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED])</p>			
Special rights granted ^(Note 3)	Nil	Nil	Nil	Nil
Lock-up and [REDACTED]	<p>Neither the Investment Agreements nor the Share Transfer Agreement imposes any lock-up obligations over the Shares directly or indirectly held by Shanghai Tianyi, Ms. Shu Meizhen, Mr. Xu Haixun and Zhongwei Tengyun upon [REDACTED]. Each of Shanghai Tianyi BVI, Hansson BVI and Zhongwei Tengyun BVI has voluntarily given a 6-month lock-up undertaking to our Company and the Sole Sponsor (for itself and on behalf of the [REDACTED]) in respect of, any of those Shares of which it is shown by this document to be the beneficial owner. The respective Shares held by Shanghai Tianyi BVI, Hansson BVI and Zhongwei Tengyun BVI will be counted towards [REDACTED] after the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules</p>			
Use of proceeds	<p>Investment Agreements</p> <p>The proceeds from the investments of Shanghai Tianyi, Ms. Shu Meizhen and Mr. Xu Haixun served as the general working capital of our Group, which have been fully utilized as at the Latest Practicable Date</p> <p>Share Transfer Agreement</p> <p>N/A. The consideration was paid by Zhongwei Tengyun to Ms. Shu Meizhen</p>			

Notes:

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

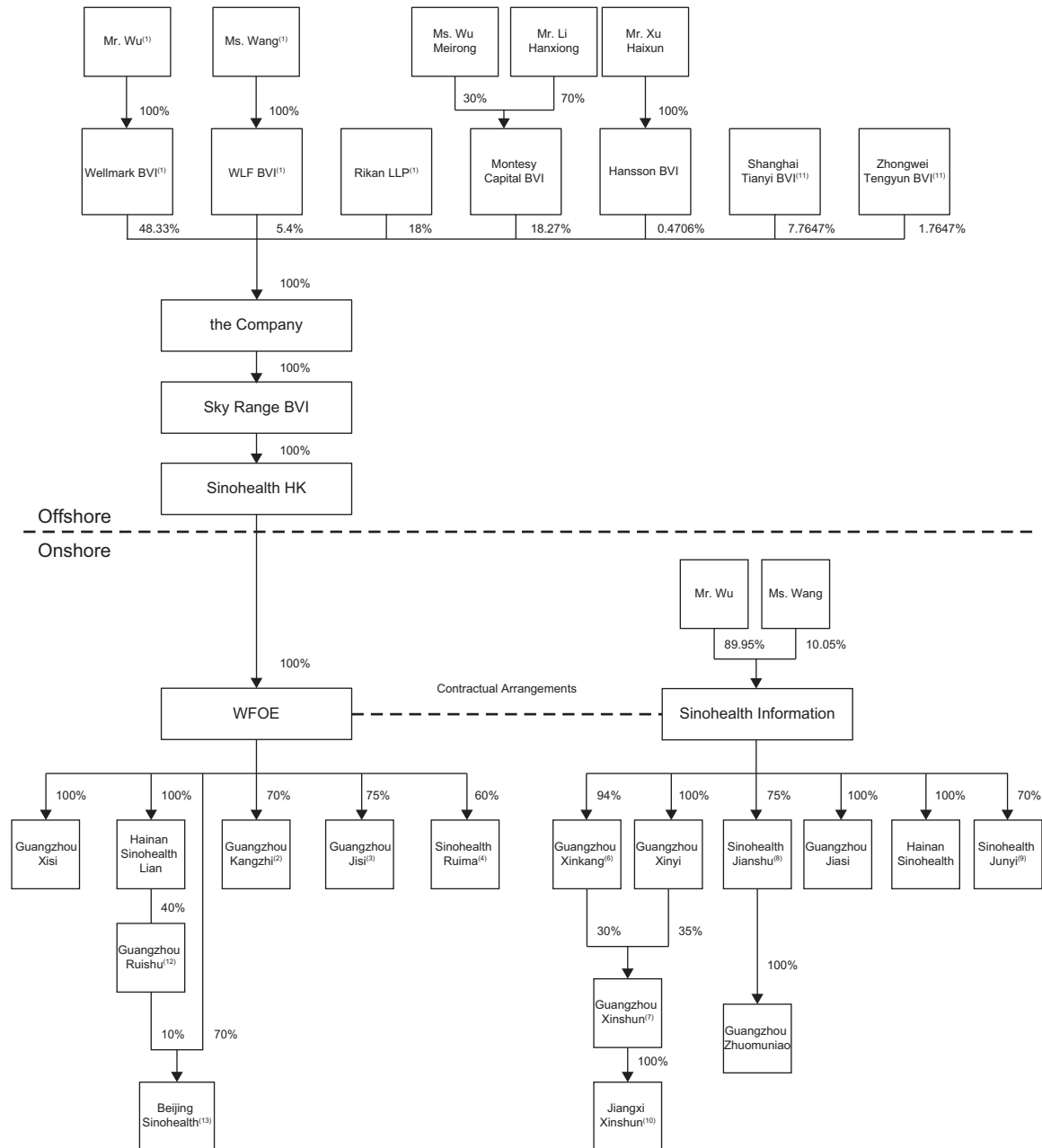
Compliance with Interim Guidance and Guidance Letters

After reviewing the [REDACTED] Investments documents, and given that (i) our Directors confirmed that the terms of the [REDACTED] Investments were determined based on arm's

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

length basis; and (ii) the [REDACTED] Investments were completed more than 28 days before the submission of the application for the [REDACTED], the Sole Sponsor confirms that the [REDACTED] Investments are in compliance with the Interim Guidance on [REDACTED] Investment issued by the Stock Exchange on October 13, 2010 and as updated in March 2017, and the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017.

The following diagram shows the shareholding and corporate structure of our Group immediately after completion of the Reorganization but before completion of the [REDACTED] and the [REDACTED]:



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Notes:

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

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

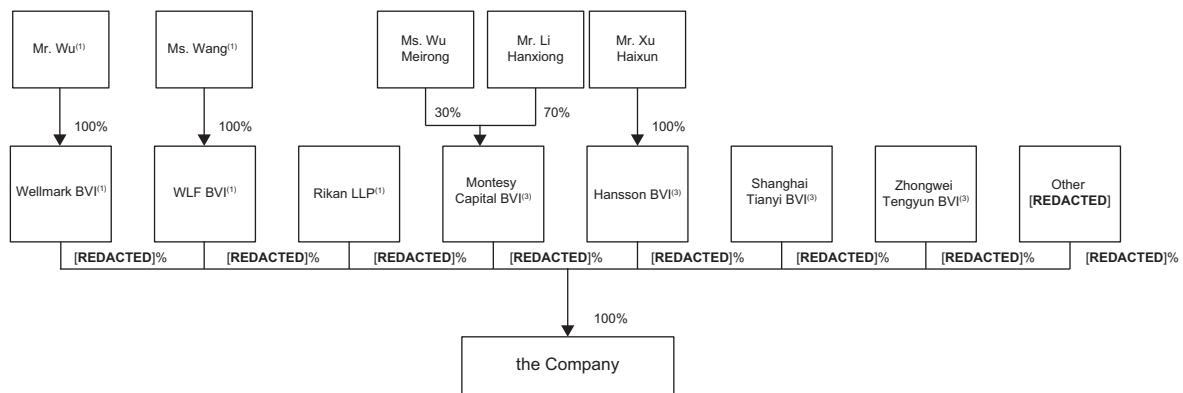
- (2) The remaining 30% equity interests in Guangzhou Kangzhi was held by Mr. Mao Zhiqi (毛之奇) (an Independent Third Party save for his investment in such company).
- (3) The remaining 25% equity interests in Guangzhou Jisi was held by Mr. Tang (the chief technology officer of our Group).
- (4) The remaining 40% equity interests in Sinohealth Ruima was held by Zhuhai Ruima Brand Management Consulting Company Limited (珠海瑞馬品牌管理諮詢有限責任公司) (an Independent Third Party save for its investment in such company).
- (5) The remaining 6% equity interests in Guangzhou Xinkang was held by Mr. Zhou Pingping (周平平) (an employee of our Group) as to 4% and Mr. Xie Chaoliang (謝朝亮) (an employee of our Group) as to 2%.
- (6) Guangzhou Xinkang held 40% equity interests in Lanyu Health. Lanyu Health has not commenced any business operation since its establishment.
- (7) The remaining 35% equity interests in Guangzhou Xinshun was held by Mr. Xiao Lin (肖淋) (an employee of our Group).
- (8) The remaining 25% equity interests in Sinohealth Jianshu was held by Mr. Tang (the chief technology officer of our Group).
- (9) The remaining 30% equity interests in Sinohealth Junyi was held by Mr. Sun Zihao (孫梓豪) (an employee of our Group).
- (10) Jiangxi Xinshun held 49% equity interests in Jiangxi Yaoshunshun. Jiangxi Yaoshunshun has not commenced any business operation since its establishment.
- (11) Both Shanghai Tianyi BVI and Zhongwei Tengyun BVI are ultimately controlled by Mr. Yu Rong. As such, the shares held by Shanghai Tianyi BVI and Zhongwei Tengyun BVI in the Company shall be aggregated for the purpose of determining the interest in our Company held by Mr. Yu Rong in aggregate. For further details, see "Substantial Shareholders" in this document.
- (12) The remaining 60% equity interests in Guangzhou Ruishu was held by Mr. Cao Chengzhi (曹承志) (an employee of our Group).
- (13) The remaining 20% equity interests in Beijing Sinohealth was held by Mr. Wang Mengliang (王夢良) (an employee of our Group).

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[REDACTED] AND [REDACTED]

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

The following diagram shows the shareholding structure of our Group immediately after completion of the [REDACTED] and the [REDACTED], assuming the [REDACTED] is not exercised and without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme:



Notes:

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

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

- (2) The Shares held by each of Shanghai Tianyi BVI, Hansson BVI and Zhongwei Tengyun BVI will be counted towards [REDACTED] after the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules.
- (3) Each of Montesy Capital BVI, Hansson BVI, Shanghai Tianyi BVI and Zhongwei Tengyun BVI has voluntarily given a 6-month lock-up undertaking to our Company and the Sole Sponsor (for itself and on behalf of the [REDACTED]) in respect of, any of those Shares of which it is shown by this document to be the beneficial owner.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PREVIOUS LISTING PLAN

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

No questions relating to suitability for listing of the business and assets of our Group were raised by the Shenzhen Stock Exchange and/or the CSRC during the pre-application guidance period.

As confirmed by the Directors, there were no disagreements with regards to our Group's previous listing plan between Sinohealth Information and the then professional parties involved in the previous listing plan. The Sole Sponsor is not aware of any matter in relation to our Group's previous listing plan that would affect the suitability of our Company to list on the Stock Exchange.

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

PRC LEGAL COMPLIANCE

SAFE Registration

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

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

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

M&A Rules

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

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