

SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set forth in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

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

Our integrated healthcare insight solutions include:

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

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

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

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

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

Healthcare Insight Solutions Industry

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

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

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

OUR BUSINESS MODEL

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

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

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

Certain key financials

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

Notes:

(1) Our cost of sales increased in 2021 primarily because of

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

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

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

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

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

DATA SOURCES AND COLLECTION

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

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

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

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

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

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

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

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

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

Notes:

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

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

DATA SECURITY AND PRIVACY

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

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

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

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

OUR STRENGTHS

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

OUR STRATEGIES

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

COMPETITION AND MARKET OPPORTUNITIES

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

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

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

OUR CLIENTS AND SUPPLIERS

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

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

RISK FACTORS

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

CONTRACTUAL ARRANGEMENTS

Our Consolidated Affiliated Entities currently operate and may operate in certain industries that are subject to restrictions under current PRC laws and regulations. In order to comply with PRC laws and regulations, while availing ourselves of international capital markets and maintaining effective control over all of our operations, the Contractual Arrangements were entered into on 8 June 2021 and 6 May 2022. As a result, although we do not directly own any equity interest in our Consolidated Affiliated Entities, by virtue of the Contractual Arrangements, we have effective control over the financial and operational policies of our Consolidated Affiliated Entities and are entitled to all the economic benefits derived from the Consolidated Affiliated Entities' operations, which we are entitled to by virtue of the equity interests we hold. See "Contractual Arrangements" in this document.

SUMMARY

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

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [REDACTED] and [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), Wellmark BVI, WLF BVI and Rikan LLP will hold in aggregate approximately [REDACTED]% of the issued share capital of our Company.

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

OUR [REDACTED] INVESTORS

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

SUMMARY

SUMMARY OF KEY FINANCIAL INFORMATION

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

Consolidated Statements of Profit or Loss and Other Comprehensive Income

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

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

SUMMARY

Non-HKFRS Measures

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

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

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

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

Notes:

(1) [REDACTED] are commonly not included in similar non-HKFRS financial measures.

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

SUMMARY

Selected Data from the Consolidated Statements of Financial Position

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

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

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

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

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

SUMMARY

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

Selected Data from the Consolidated Statements of Cash Flows

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

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

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

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

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

SUMMARY OF KEY FINANCIAL RATIOS

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

Notes:

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

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

SUMMARY

CERTAIN OPERATING DATA

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

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

Notes:

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

DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles. PRC laws also require a foreign-invested enterprise to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends.

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

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

SUMMARY

[REDACTED]

This document is published in connection with the [REDACTED] as part of the [REDACTED]. The [REDACTED] comprises:

- a) the [REDACTED] of initially [REDACTED] Shares (subject to [REDACTED]) for subscription by the [REDACTED] in Hong Kong; and
- b) the [REDACTED] of an aggregate of, initially, [REDACTED] Shares (subject to [REDACTED] and the [REDACTED]) outside the United States (including to professional and institutional [REDACTED] within Hong Kong) in offshore transactions in reliance on [REDACTED].

The [REDACTED] will represent [REDACTED]% of the issued share capital of the Company immediately following the completion of the [REDACTED] without taking into account the exercise of the [REDACTED] and assuming the options which may be granted under the Share Option Scheme are not exercised.

RECENT DEVELOPMENTS

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

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

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

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

Recent Regulatory Developments

Regulatory Development of Cyber Security and Cyber Data Security

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

CAC Measures II

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

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

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

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

Draft CAC Regulations

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

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

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

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

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

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

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

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Regulatory Development of Overseas Listing

Drafts relating to Overseas Listings

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

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

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

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

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

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

Negative List

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

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

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

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

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

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

Draft Provisions on the Confidentiality and Archives Administration

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

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

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

Impact of the COVID-19 Outbreak

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

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

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

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

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

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that the [REDACTED] has been completed and [REDACTED] Shares are issued pursuant to the [REDACTED] (assuming that 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).

	Based on an [REDACTED] of HK\$[REDACTED] per Share, after Downward [REDACTED] Adjustment of 10%	Based on an [REDACTED] of HK\$[REDACTED] per Share	Based on an [REDACTED] of HK\$[REDACTED] per Share
Market capitalization of our Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]	HK\$[REDACTED]
[REDACTED] adjusted consolidated net tangible assets attributable to the equity shareholders of our Company per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

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

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[REDACTED]

Our [REDACTED] mainly include [REDACTED] and [REDACTED] and professional fees paid to legal, accounting and other advisers for their services rendered in relation to the [REDACTED] and the [REDACTED]. The estimated total [REDACTED] (based on the mid-point of the [REDACTED] range and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately RMB[REDACTED] (HK\$[REDACTED]), which represents [REDACTED]% of the gross [REDACTED] from the [REDACTED], and comprising (i) [REDACTED] expenses, including [REDACTED], trading fee and levy of RMB[REDACTED] (HK\$[REDACTED]); and (ii) [REDACTED] expenses of RMB[REDACTED] (HK\$[REDACTED]), including (a) fees paid and payable to legal advisers and the Reporting Accountants of RMB[REDACTED] (HK\$[REDACTED]); and (b) other fees and expenses[, including sponsor fees], of RMB[REDACTED] (HK\$[REDACTED]). RMB[REDACTED] (HK\$[REDACTED]) of [REDACTED] were charged to our consolidated statements of profit or loss and other comprehensive income during the Track Record Period. We estimate that we will incur further [REDACTED] of RMB[REDACTED] (HK\$[REDACTED]), of which RMB[REDACTED] (HK\$ [REDACTED]) will be charged to our consolidated statements of profit or loss and other comprehensive income and the remaining amount of RMB[REDACTED] (HK\$[REDACTED]) is expected to be recognized directly as a deduction from equity upon the [REDACTED].

[REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED] after deducting the [REDACTED] and other estimated expenses paid and payable by us in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] over the next four years for the purposes and in the amounts set forth below (based on the mid-point of the [REDACTED] range):

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

See "Future Plans and [REDACTED]" in this document.