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

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

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

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

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

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

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

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

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

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

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

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

During the Track Record Period, our network of partnering pharmacies expanded significantly. Our partnering pharmacies increased from 496 as at 31 December 2019 and to 759 as at 31 December 2020 and further to 1,072 as at 31 December 2021 while the retail pharmacy stores covered increased from 25,157 as at 31 December 2019 and to 37,703 as at 31 December 2020 and further to 52,882 as at 31 December 2021. See "Business—Our Technologies and Big Data—Big Data—Data Sources and Data Collection" in this document. Our partnering pharmacies are not subject to exclusive or long-term arrangements with us in relation to provision of data. They may discontinue to renew or carry on with the cooperation arrangement to provide us with data at any time. Our partnering pharmacies' willingness to provide us with data or pay for our services may be subject to their agreeing to the value of our healthcare insight solutions or our philosophy. Our current and future competitors may compete with us for establishing relationships with these partnering pharmacies. We cannot assure you that our partnering pharmacies will continue to agree to our value propositions or cooperate with us or will not cooperate with our competitors or that our partnering pharmacies will renew their contracts with us in the future. In addition, engaging new partnering pharmacies may require significant marketing efforts such as our sales and marketing team's onsite consultation and negotiation with the potential partnering pharmacies as well as additional selling and distribution expenses. During the Track Record Period, our data costs mainly referred to the costs incurred in relation to data collection from our partnering pharmacies through data cooperation arrangements and, to a lesser extent, data processing from our purchase of cloud services and telecommunications services. For the years ended 31 December 2019, 2020 and 2021, our costs of data collection were approximately RMB2.0 million, RMB3.5 million and RMB6.3 million, accounting for approximately 66.7%, 73.6% and 70.6%, of our data costs, respectively, and approximately 2.8%, 4.9% and 4.8%, of our total cost of sales for the same periods, respectively. If we fail to maintain relationships with existing partnering pharmacies and expand our partnering pharmacy network, we may incur significant data collection costs or fail to obtain retail data we desire, or at all. As a result, our business, financial condition and results of operations could be materially and adversely affected.

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

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

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

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

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

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

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

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

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

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

Our ability to attract clients to, and build trust in, our solutions and products depends significantly on our ability to effectively assess and predict client interest and market trends. We utilize our proprietary programs and Sinohealth Engine to track, process, and analyze raw data, generate data analytics and create and tailor the solutions to specific client interest , such as our Data Insight Solutions and Data-driven Publications and Events, as well as our SaaS products. Our proprietary programs and Sinohealth Engine take into account multiple sources of data, including master data and retail data from various channels and under various scenarios. See "Business—Our Technologies and Big Data—Big Data" in this document.

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

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

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

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

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

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

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

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

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

Our cybersecurity measures may not detect, prevent or control all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, Trojan horses, malicious software, break-ins, phishing attacks, third-party manipulation, security breaches, employee misconduct or negligence or other attacks, risks, data leakage and similar disruptions that may cause service interruptions or jeopardize the security of data stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of user information, or a denial-of-service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, there can be no assurance that we will be able to anticipate, or implement adequate measures to protect against, these attacks. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation and business would be harmed and we could sustain substantial revenue loss from lost sales and client dissatisfaction.

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

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

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

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

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

Many of our events are organized once or twice a year. Our Industry Prospect Event, which contributed to approximately 64.5%, 66.9% and 66.5% of the total revenue of our Data-driven Publications and Events for the years ended 31 December 2019, 2020 and 2021, respectively, is held annually during the second half of each year. Although our Merchandise Trading Event is usually held annually during the first half of each year and our Retail Sales Events were held semi-annually until 2020 and has been scheduled to be held annually since 2021, our revenue recorded for our Data-driven Publications and Events is generally higher in the second half of the year due to the impact of our Industry Prospect Event as revenue from our Data-driven Publications and Events is recognized over the time of the conference. Our revenue from Industry Events are therefore subject to the actual timing of when they are hosted, each of which were generally completed within one week during the Track Record Period. As a result, our profitability is also subject to the actual timing of the Industry Events. Therefore, it may not be meaningful to project our full year results from our quarterly or interim results. Any periodic fluctuations in our revenue and results of operations may result in volatility in the price of our Shares.

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

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

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

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

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

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

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

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

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

We recorded a gross loss margin of 22.9% in our SaaS business for the year ended 31 December 2019, and we may not be able to continue to achieve profitability in the future. Such losses were primarily attributable to the substantial investment in product development, technology support and marketing of our SaaS products as we continued to drive the rapid growth of our SaaS business during the Track Record Period. We intend to continue investing in expanding our SaaS business, upgrading our technology, increasing our sales and marketing efforts, and expanding into new geographical markets in China. Our costs to grow our SaaS business may be higher than we expect, and we may not be able to increase our net profit. If we are unable to sustain the profitability of our SaaS business, the value of our business and Shares may significantly decrease. Furthermore, it is difficult to predict the growth rate of our SaaS business, client demand for our SaaS products and the client retention rate and competitiveness of our SaaS products in the future. As a result, our SaaS business may not remain profitable, and our business, financial conditions, results of operations and prospect could be adversely affected and our [**REDACTED**] may decrease.

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

We face competition from other market players.

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

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

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

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

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

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

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

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

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

As set out in "Future Plans and [**REDACTED**]—[**REDACTED**]" in this document, we expect to incur additional employee benefit expenses, marketing expenses and research and development expenses to support the implementation of our expansion plan. In particular, we will recruit around (a) 393 new employees to intensify our efforts to develop and market our SaaS products; and (b) 204 new employees to implement the planned research and upgrade of our digital technology and data warehouse, in particular for our AI technologies and middleware for Sinohealth Engine in the next four years. We also intend to increase our marketing expenses and research and development expenses, including for marketing campaigns to targeted clients in the healthcare insight solutions industry to expand our client base.

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

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

As set out in "Future Plans and [**REDACTED**]—[**REDACTED**]" in this document, we intend to apply approximately [**REDACTED**]% and [**REDACTED**]% of our total estimated [**REDACTED**] from the [**REDACTED**] to upgrade and enhance our SaaS products and to conduct further research and development of our technology and data warehouse.

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

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

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

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

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

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

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

According to the CIT Law and the Regulation on the Implementation of the CIT Law (《中華人民共和國企業所得稅法實施條例》), in general, foreign-invested enterprises and domestic enterprises are subject to a unified corporate income tax rate of 25%. Furthermore, the CIT Law provides a preferential tax treatment for High and New Technology Enterprises eligible for key support from the State in the form of a reduced corporate income tax rate of 15% subject to competent authorities' review and approval. Enterprises qualified as High and New Technology Enterprises (高新技術企業) are entitled to a 15% corporate income tax rate rather than the 25% uniform statutory tax rate. The preferential tax treatment continues as long as an enterprise can retain its High and New Technology Enterprise status. Sinohealth Information has been approved as High and New Technology Enterprises in the PRC since 2016. Accordingly, Sinohealth Information enjoys a preferential corporate income tax rate of 15% from 2016 to 2021. The continued qualification as a High and New Technology Enterprise is subject to a three-year review by the relevant authorities in the PRC. In addition, certain of our PRC subsidiaries were identified as small and micro enterprises and were entitled to a preferential tax rate of 2.5%, 5% or 10% during the Track Record Period in accordance with applicable PRC laws and regulations. Preferential tax treatment granted to us is subject to review and may be adjusted or revoked at any time. For the years ended 31 December 2019, 2020 and 2021, our income tax expenses were approximately RMB12.7 million, RMB10.7 million and RMB23.6 million, respectively. For the same periods, our effective tax rate was 19.0%, 14.1% and 24.7%, respectively. This increase in our effective tax rate was a result of (i) the transfer of the Non-restricted Businesses to WFOE and its subsidiaries and hence being subject to the unified corporate income tax rate of 25% as part of WFOE; and (ii) the non-tax deductible [**REDACTED**] incurred offshore in 2021. See "Financial Information—Key Factors Affecting Our Results of Operation—Company Specific Factors—Level of Income Tax and Preferential Tax Treatment" in this document. We may not be able to successfully renew our High and New Technology Enterprise certificate or continue to enjoy the same preferential tax treatments in the future. In the event that the PRC Government changes its tax policy of supporting new technology development, or Sinohealth Information ceases to be eligible for such preferential tax treatments, we may be subject to higher tax rates. In addition, to ensure the Contractual Arrangements are narrowly tailored under the requirement of the [**REDACTED**], save for those disclosed in "Contractual Arrangements", we have transferred the Non-restricted Businesses to WFOE and its subsidiaries and WFOE is subject to the unified corporate income tax rate of 25%. See "Contractual Arrangements" in this document. As a result, the preferential treatments applicable to Sinohealth Information will have reduced beneficial effect. We expect that our effective tax rate may remain at a level similar to that in 2021 until WFOE obtains the High and New Technology Enterprises certificate and be subject to a reduced tax rate of 15%. WFOE intends to apply for recognition as a High and New Technology Enterprise in 2022. However, recognition as a High and New Technology Enterprise is subject to the satisfaction of certain conditions. There can be no assurance that WFOE can successfully obtain recognition as a High and New Technology Enterprise status and enjoy the 15% preferential tax treatment in the future. Our performance and profitability may be adversely affected by any unfavorable changes, in part or in whole, of the preferential tax policies.

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

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

Part of our current and future business operations are subject to various licenses, permits and approvals. For example, we are required to obtain and maintain ICP Licenses for the provision of internet information services which we intend to be engaged in. A Radio and Television Program Production and Operation Permit (《廣播電視節目製作經營許可證》) is required for our production and publication of videos. For further information relating to our licenses and permits, see "Business—Licenses and Permits" in this document. Our failure to obtain and maintain requisite approvals, licenses or permits applicable to our business or any changes in government policies or regulations may have an adverse impact on our business, financial condition and results of operations. The PRC Government regulates the healthcare industry extensively, including foreign ownership of, and the licensing requirements pertaining to, companies in the healthcare industry. The government authorities may pass new rules regulating the healthcare and the healthcare insight solutions industries and we have been continually expanding with new business initiatives. We may be required to obtain additional licenses, permits or approvals so that we can continue to operate our existing or future businesses or otherwise prohibit our operation of the types of businesses to which the new requirements apply. New regulations or new interpretations of existing regulations may increase our costs of doing business and prevent us from efficiently delivering solutions and products and expose us to potential penalties and fines.

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

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

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

As at the Latest Practicable Date, we had not received any notice or administrative penalty from the local authorities or any material claim from our current and former employees regarding our non-compliance as disclosed above. We cannot assure you that the relevant local authorities will not impose new requirements on us according to laws, regulations or local policies published by the relevant authorities from time to time in the future. In the event that the relevant authorities later strengthen the enforcement of the relevant laws and regulations on social insurance and housing provident fund in respect of our subsidiaries within their jurisdictions and accordingly consider it necessary to make retrospective contribution to social insurance fund and housing provident fund contributions and impose penalties, our business, financial condition and operating results may be materially and adversely affected.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We have limited insurance coverage.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

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

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

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

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

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

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

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

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

On 15 March 2019, the NPC approved the FIL, which took effect on 1 January 2020. Along with the FIL, the Implementing Regulation of Foreign Investment Law (《中華人民共和國外商投資法實施條例》) promulgated by the State Council and the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of the Foreign Investment Law (《最高人民法院關於適用《中華人民共和國外商投資法》若干問題的解釋》) promulgated by the Supreme People's Court became effective on 1 January 2020. Since the FIL and its current implementation and interpretation rules are relatively new, uncertainties still exist in relation to their further application and improvement. According to the FIL, the "foreign investment" refers to investment activities carried out directly or indirectly by foreign natural persons, enterprises or other organizations ("**Foreign Investor(s)**"), including the following: (1) Foreign Investors establishing foreign-invested enterprises in China alone or collectively with other investors; (2) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (3) Foreign Investors investing in new projects in China alone or collectively with other investors; and (4) Foreign Investors investing through other ways prescribed by laws, regulations or guidelines of the State Council. The FIL and its current implementation and interpretation rules do not explicitly classify whether variable interest entities that are controlled through contractual arrangements would be deemed as foreign-invested enterprises if they are ultimately "controlled" by foreign investors.

However, it has a catch-all provision under the definition of "foreign investment" that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations or the State Council. Therefore it still leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment. Therefore, there can be no assurance that our control over our Consolidated Affiliated Entities through the Contractual Arrangements will not be deemed as a foreign investment in the future.

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

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

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

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

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

If our Consolidated Affiliated Entities or their shareholders fail to perform their respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective under PRC law. For example, if the VIE Shareholders or Sinohealth Information was to refuse to transfer their equity interests in Sinohealth Information or its subsidiaries to us or our designee if we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our Contractual Arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The Contractual Arrangements contain provisions to the effect that the arbitral tribunal may award remedies over the shares and/or assets of the Consolidated Affiliated Entities, injunctive relief or order the winding up of the Consolidated Affiliated Entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, under PRC laws, these terms may not be enforceable. Also, interim remedies or enforcement order granted by overseas courts such as Hong Kong and Cayman Islands may not be recognizable or enforceable in the PRC. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce the Contractual Arrangements, or if we suffer significant delay or other obstacles in the process of enforcing our Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities, and our ability to conduct our business may be negatively affected. See "—Risks Relating to Doing Business in the PRC—Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us" in this section.

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

Similarly, if any of the equity interests of Consolidated Affiliated Entities is inherited by a third party with whom the Contractual Arrangements are not binding, we could lose our control over the corresponding Consolidated Affiliated Entities or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to our business and operations and harm our financial condition and results of operations.

We may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by any of our Consolidated Affiliated Entities if any of them declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

Our Consolidated Affiliated Entities contributed to part of our revenue, and hold some of our operational assets and licenses, approvals and assets that are necessary for the operation of our business. The Contractual Arrangements contain terms that specifically obligate the equity holders of the Consolidated Affiliated Entities to ensure the valid existence of the Consolidated Affiliated Entities and restrict the disposition of material assets or any equity interest of the Consolidated Affiliated Entities. However, in the event the equity holders of the Consolidated Affiliated Entities breach the terms of the Contractual Arrangements and voluntarily liquidate our Consolidated Affiliated Entities, or our Consolidated Affiliated Entities declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to operate some or all of our business or otherwise benefit from the assets held by the Consolidated Affiliated Entities, which could have a material and adverse effect on our business, financial condition and results of operations. Furthermore, if any of these Consolidated Affiliated Entities undergoes a voluntary or involuntary liquidation proceeding, its equity holders or unrelated third party creditors may claim rights to some or all of its assets, thereby hindering our ability to operate our business as well as constraining our growth.

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

Our control over our Consolidated Affiliated Entities is based upon the Contractual Arrangements we have entered into with, among others, WFOE, our Consolidated Affiliated Entities, the VIE Shareholders and the Other VIE Shareholders. The VIE Shareholders and the Other VIE Shareholders may potentially have conflicts of interest with us and breach their contracts or undertakings with us if it would further their own interests or if they otherwise act in bad faith. We cannot assure you that when conflicts of interest arise between us on the one hand, and the other parties to the Contractual Arrangements in respect of our Consolidated Affiliated Entities on the other hand, the VIE Shareholders and the Other VIE Shareholders will act completely in our interests or that the conflicts of interest will be resolved in our favor. In the event that such conflicts of interest cannot be resolved in our favor, we would have to rely on legal proceedings which could result in disruption to our business and we are subject to uncertainty as to the outcome of any such legal proceedings. If we are unable to resolve such conflicts, our business, financial conditions and results of operations could be materially and adversely affected.

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

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

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

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

RISKS RELATING TO DOING BUSINESS IN THE PRC

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

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

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

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

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

The PRC legal system is a civil law system and its laws and regulations are based on written statutes, and past court judgments may be cited only for reference. Since 1979, the PRC Government has committed to developing and refining its legal system and has achieved significant progress in the development of its laws and regulations governing economic matters, such as in foreign investment, company organization and management, business, tax and trade. However, the PRC has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, the interpretation and enforcement of these laws and regulations involve uncertainties. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection available to you and us.

Furthermore, the PRC legal system is based in part on governmental policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to predict the outcome of administrative and court proceedings and to evaluate the level of legal protection we enjoy compared with more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business and results of operations.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

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

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

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

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

Under the PRC Corporate Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "*de facto* management body" within the PRC is considered a resident enterprise and will be subject to the corporate income tax on its global income at the rate of 25%. The implementation rules define the term "*de facto* management body" as the body that exercises full and substantial control over and overall management of the business, personnel, accounts and properties of an enterprise. In April 2009, the SAT issued Circular of the State Administration of Taxation on Issues Concerning the Identification of Chinese-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the Actual Standards of Organizational Management (《稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (the "**Circular 82**"), which provides certain specific criteria for determining whether the "*de facto* management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like our Company and our non-PRC subsidiaries, the criteria set forth in the circular may reflect the SAT's general position on how the "*de facto* management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "*de facto* management body" in China and will be subject to PRC corporate income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and HR matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe none of our entities outside of China are a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "*de facto* management body". As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that we or any of our subsidiaries outside of China is a PRC resident enterprise for PRC corporate income tax purposes, then we or such subsidiary could be subject to PRC tax at a rate of 25% on its world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC corporate income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for corporate income tax purposes, gains realized on the sale or other disposition of our ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether our non-PRC Shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your [**REDACTED**] in our Shares.

Dividends payable by us to our foreign [**REDACTED**] ***and gains on*** [**REDACTED**] ***of our Shares may be subject to withholding tax under the PRC tax laws.***

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

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

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

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

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

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

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

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

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

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

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

On 30 March 2015, the SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of the Foreign Exchange Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular 19**"). SAFE Circular 19 took effect on 1 June 2015. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capital of foreign-invested enterprises and allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using Renminbi funds converted from their foreign exchange capital for expenditure beyond their business scope. On 9 June 2016, the SAFE promulgated the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) ("the **SAFE Circular 16**"). SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using Renminbi funds converted from their foreign exchange capital for expenditure beyond their business scope, investing and financing (except for securities investment or non-guaranteed bank products), providing loans to non-affiliated enterprises, or constructing or purchasing real estate not for self-use. On 23 October 2019, the SAFE promulgated the Circular on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (the "**SAFE Circular 28**"). SAFE Circular 28 intends to lift the restrictions on the domestic equity investment by foreign-invested enterprises which are not investment enterprises with their capital funds, and loosen the restriction on the use of foreign exchange settlement funds. However, our ability to transfer to and use in China the [**REDACTED**] from this [**REDACTED**] shall still be subject to the restrictions under the relevant PRC laws and regulations, which may adversely affect our business, financial condition and results of operations.

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

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

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

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

The value of Renminbi against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates and is subject to changes resulting from the PRC Government's policies and depends to a large extent on domestic and international economic and political developments, as well as supply and demand in the local market. It is difficult to predict how market forces or governmental policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the People's Bank of China regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve policy goals.

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

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

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

In light of the flood of capital outflows, the PRC Government has imposed more restrictive foreign exchange policies and stepped up scrutiny of major outbound capital movement. More restrictions and a substantial vetting process have been put in place by SAFE to regulate cross-border transactions falling under the capital account. The PRC Government may at its discretion further restrict access to foreign currencies in the future for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

RISKS RELATING TO THE [REDACTED]

There has been no prior* [REDACTED] *market for our Shares and the liquidity and market price of our Shares may be volatile.

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

The liquidity, trading volume and market price of our Shares following the* [REDACTED] *may be volatile.

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

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

In addition, the trading volume and the trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have [**REDACTED**] their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. A number of China-based companies have [**REDACTED**] their securities, and some are in the process of preparing for [**REDACTED**] their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their [**REDACTED**]. The trading performances of the securities of these companies at the time of or after their [**REDACTED**] may affect the overall investor sentiment towards China-based companies [**REDACTED**] in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance, and may result in losses on your [**REDACTED**] in our Shares.

Because the* [REDACTED] *per Share is higher than the net tangible book value per Share, purchasers of our Shares in the* [REDACTED] *will experience immediate dilution, and may experience further dilution in the future.

The [**REDACTED**] of our [**REDACTED**] is higher than the net tangible book value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of our [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] adjusted consolidated net tangible asset value of (i) HK$[**REDACTED**] per Share (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the low-point of our [**REDACTED**] range), or (ii) HK$[**REDACTED**] per Share (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the high-point of our [**REDACTED**] range), and existing Shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible asset value per share of their shares. If we issue Shares in the future, purchasers of our [**REDACTED**] may experience further dilution.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, Controlling Shareholders and the* [REDACTED] *Investors, could adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, Controlling Shareholders and the [**REDACTED**] Investors, or the perception or anticipation of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our Controlling Shareholders and the [**REDACTED**] Investors are subject to certain lock-up periods beginning on the date of this document. However, we cannot assure you that they will not dispose of any Shares after the expiry of their lock-up periods or in the future.

The interest of our Controlling Shareholders may differ from your interests and they may exercise their vote to the disadvantage of our minority Shareholders.

Our Controlling Shareholders have substantial influence over our business and operations, including matters relating to management and policies, decisions in relation to acquisitions, expansion plans, business consolidation, the sale of all or substantially all of our assets, nomination of directors, dividends or other distributions, as well as other significant corporate actions. Following the completion of the [**REDACTED**] (but without taking into account any

Shares to be issued upon the exercise of the [**REDACTED**] and any Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme), our Controlling Shareholders will own approximately [**REDACTED**]% of our Shares. The concentration of voting power and the substantial influence of our Controlling Shareholders over our Company may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and reduce the price of our Shares. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Subject to the Listing Rules, our Articles of Association and other applicable laws and regulations, our Controlling Shareholders will continue to have the ability to exercise substantial influence over us and to cause us to enter into transactions or take, or fail to take, actions or make decisions which conflict with the best interests of our other Shareholders.

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

The [**REDACTED**] of our [**REDACTED**] is expected to be determined on the [**REDACTED**]. However, our Shares will not commence trading on the [**REDACTED**] until they are delivered, which is expected to be [five] Business Days after the pricing date. As a result, [**REDACTED**] may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

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

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

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

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

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

This document, particularly the sections headed "Business" and "Industry Overview", contains information and statistics relating to the healthcare insight solutions market. Such information and statistics have been derived from a third-party report commissioned by us and publicly available sources, including various governmental and official publications. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. The information from various governmental and official publications has not been independently verified by us, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] or any other party involved in the [**REDACTED**], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this document being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. You should consider carefully the importance placed on such information or statistics.

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

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

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

Possible setting of the* [REDACTED] *after making a Downward* [REDACTED] *Adjustment.

We have the flexibility to make a Downward [**REDACTED**] Adjustment to set the final [**REDACTED**] at up to 10% below the bottom end of the indicative [**REDACTED**] range per [**REDACTED**]. It is therefore possible that the final [**REDACTED**] will be set at HK$[**REDACTED**]] per [**REDACTED**] upon the making of a full Downward [**REDACTED**] Adjustment. In such a situation, the [**REDACTED**] will proceed and the Withdrawal Mechanism will not apply. If the final [**REDACTED**] is set at HK$[**REDACTED**], the estimated [**REDACTED**] we will receive from the [**REDACTED**] will be reduced to HK$[**REDACTED**] and such reduced [**REDACTED**] will be used as described in the paragraph headed "Future Plans and [**REDACTED**]—[**REDACTED**]" in this document.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the* [REDACTED]*.

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