This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read the entire document before you decide to invest in the [**REDACTED**].

There are risks associated with any investments. Some of the particular risks in investing in the [**REDACTED**] *are set out in "Risk Factors" in this document. You should read that section carefully before you decide to invest in the* [**REDACTED**].

OUR BUSINESS

As a pioneer and leader in providing express digital healthcare services in China, since our inception in 2014, we have been facilitating the transformation and upgrade of China's healthcare industry by pioneering on-demand pharmaceutical retail and medical consultation, primarily with online-to-offline solutions. We are one of the leading service providers in the digital retail pharmacy industry in China and ranked No. 3 in such industry by revenue in 2020 with a market share of 1.0%, according to the Frost & Sullivan Report. We are the largest product and service provider in the on-demand digital pharmacy industry in China by revenue in 2020 with a market share of 8.5%, according to the Frost & Sullivan Report. According to the Frost & Sullivan Report, the on-demand digital pharmacy industry is a sub-segment of the digital retail pharmacy industry. In 2016, the on-demand digital pharmacy industry accounted for 3.4% of the digital retail pharmacy industry. In 2020, the on-demand digital pharmacy industry expanded rapidly due to the change in patients' buying habits caused by the COVID-19 outbreak and the market share of the on-demand digital pharmacy industry in the digital retail pharmacy increased to 9.1%. It's expected that the on-demand digital pharmacy industry will continue to increase from RMB15.7 billion in 2020 to RMB138.0 billion in 2030 with a CAGR of 24.3%, according to the Frost & Sullivan Report. Leveraging our integrated online and offline operations, we provide our users with a full suite of on-demand healthcare products and services, such as drug express, online medical consultation and chronic disease and healthcare management:

- **Drug Express**

  We strive to provide our users with streamlined on-demand drug purchase experience, with products delivered to the purchasers within 28 minutes on a 24/7 basis in regions covered by our express delivery service. Through our drug express business, we provide our users with express access to OTC drugs, prescription drugs, and healthcare products in a timely and convenient fashion. We have established an omni-channel network for our drug express offering, including our own online platforms such as our own mobile App and WeChat mini program, third-party online platforms, distributors, and offline purchase directly made at our smart pharmacies. As of the Latest Practicable Date, we have established a network of 348 smart pharmacies across 17 cities in China, delivering products through our delivery force nationwide. Under our drug express business, we directly source the products from our pharmaceutical enterprise partners, and deliver such products to users from our smart pharmacies. Meanwhile, we also offer delivery options such as regular delivery, pre-order delivery, and in-store pickup to meet users' individualized needs. In addition, we provide 24-hour purchase guidance from pharmacists to our users.

- **Online Medical Consultation**

We provide our users with online medical consultation service through our Internet hospitals and our medical team, covering medical conditions such as chronic diseases. As of the Latest Practicable Date, our medical team mainly comprised 18 full-time and 73 part-time doctors, more than 800 external doctors through our collaboration with a third-party medical institution and other medical professionals including 427 pharmacists. During the Track Record Period, other than psychological consultation services, we did not generate revenue under our online medical consultation services. Our online medical consultation service is provided on a 24/7 basis, where users are promptly matched with the appropriate doctors and can communicate with them through messages or voice calls. We capitalize on our online medical consultation traffic and provide our users with solutions integrating pharmaceutical products and services.

- **Chronic Disease and Healthcare Management**

To complement our drug express and online medical consultation service offerings, we provide a portfolio of chronic disease and healthcare management service offerings, including medication and dosage guidance, additional consultation reminders, prescription renewal, health information feedback and healthcare knowledge management. During the Track Record Period, we did not generate revenue under our chronic disease and healthcare management services. We currently focus on chronic diseases such as oncology, liver diseases, cardiovascular diseases, skin diseases and diabetes, and plan to gradually expand our coverage to other chronic diseases in the future. Our chronic disease and healthcare management service offering helps doctors efficiently track, manage and communicate with users, and helps users establish individualized health profiles, which improve patients' drug compliance and our precise prediction of their full life-cycle healthcare demands.

Our drug express service offering and other medical service offerings are synergistically integrated to create a closed-loop business model, which enables us to enhance our brand image and to provide better services to our users. Users of our other service offerings are potential buyers under our drug express service offering, as the high-quality user experience provided by our service offerings enhances our ability to cross-sell additional drugs and health and wellness products. Simultaneously, users purchasing drugs and health and wellness products under our drug express service offering provide organic traffic to our other service offerings, as such users can be attracted by our well-recognized brand, trustworthy product quality and compelling user experience and consequently choose to experience the services provided under our medical service express business, such as chronic disease and healthcare management and services related to DTP pharmacies.

In 2019, 2020 and 2021, we recorded a total of 26.4 million, 40.5 million and 60.3 million sales orders from our online direct sales channel and offline channel, respectively with a CAGR of approximately 51.1% from 2019 to 2021. In 2019, 2020 and 2021, we also provided our users with a total of 2.2 million, 4.4 million and 6.8 million online medical consultations, respectively. For individual users, based on their refill cycle and medication habits, we also send timely reminders to accurately address their demand for refill prescriptions while improving our repurchase rate.

	For the year ended December 31,		
	2019	2020	2021
Total sales order(1) (in millions)	26.4	40.5	60.3
Total consultation (in millions)	2.2	4.4	6.8

(1) Total sales order refers to the total number of sales orders for our drug express business from our online direct sales channel and offline channel.

The synergy between our online medical consultation service offering and our drug express service offering successfully enhanced our users' willingness to make purchase for our products. In 2019, 2020 and 2021, the conversion rate for our products from online medical consultation on our self-operated online platforms, defined as the proportion of users who purchased our product and service offerings among users who received a prescription from our online medical consultation service, was 69.9%, 68.8% and 77.5%, respectively.

OUR MISSION

Our mission is to provide users with comprehensive and professional on-demand healthcare services. We strive to address the diverse unmet healthcare needs with our convenient, express and professional healthcare product and service offerings with superior accessibility and affordability.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors:

- Pioneer and leader in the provision of express digital healthcare service in China, underpinned by our unique online and offline operations;
- Our full range of on-demand healthcare service offerings which provide superior user experience and facilitate the growth of our user base;
- End-to-end capabilities along our value chain empowering participants in our ecosystem;
- Proprietary technology platform and strong research and development technical competencies; and
- Experienced management team and unique strategic resources.

OUR STRATEGIES

We strive to offer the ultimate on-demand healthcare product and service offerings to our users and we plan to adopt the following strategies to achieve our goal:

- Further expand the scale of our business;
- Further expand our healthcare product and service offerings;
- Improve our end-to-end capabilities to enhance user experience;
- Further enhance our investment in technologies; and
- Selectively pursue strategic alliances, investments and acquisitions for long-term development.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The table below sets forth our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the years or periods indicated derived from our consolidated statements of profit or loss and other comprehensive income set out in the Accountants' Report included in Appendix I to this document:

Summary of Consolidated Statements of Profit or Loss

The following table sets out a summary of our consolidated statements of profit or loss for the periods indicated:

	For the year ended December 31,					
	2019		2020		2021	
	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue
Revenue	1,275,589	100.0	2,228,563	100.0	3,678,690	100.0
Cost of revenue	(805,635)	(63.2)	(1,462,370)	(65.6)	(2,516,379)	(68.4)
Gross profit	**469,954**	**36.8**	**766,193**	**34.4**	**1,162,311**	**31.6**
Fulfillment expenses	(199,676)	(15.7)	(283,178)	(12.7)	(412,279)	(11.2)
Selling and marketing expenses	(278,464)	(21.8)	(441,310)	(19.8)	(834,783)	(22.7)
Research and development expenses	(52,363)	(4.1)	(82,071)	(3.7)	(96,161)	(2.6)
General and administrative expenses	(57,900)	(4.5)	(120,968)	(5.4)	(481,256)	(13.1)
Fair value changes on financial liabilities at fair value through profit or loss ("**FVTPL**")	(150,685)	(11.8)	(754,591)	(33.9)	(912,201)	(24.8)
Other gains and losses, net	4,176	0.3	11,049	0.5	27,983	0.8
Other income	5,145	0.4	16,230	0.7	15,905	0.4
Finance costs	(5,571)	(0.4)	(6,061)	(0.3)	(17,776)	(0.5)
Share of result of an associate	(91)	0.0	(256)	0.0	–	–
Impairment losses under expected credit loss model, net of reversal	(221)	0.0	(3,153)	(0.1)	(265)	(0.0)
[**REDACTED**]	–	0.0	(2,771)	(0.1)	(33,337)	(0.9)
Loss before income tax	**(265,696)**	**(20.8)**	**(900,887)**	**(40.4)**	**(1,581,859)**	**(43.0)**
Income tax expense	(8,236)	(0.6)	(18,793)	(0.8)	(17,115)	(0.5)
Loss and total comprehensive expense for the year	**(273,932)**	**(21.5)**	**(919,680)**	**(41.3)**	**(1,598,974)**	**(43.5)**
Loss and total comprehensive expense for the year attributable to:						
Owners of the Company	(276,635)	(21.7)	(924,250)	(41.5)	(1,578,026)	(42.9)
Non-controlling interests	2,703	0.2	4,570	0.2	(20,948)	(0.6)
	(273,932)	(21.5)	(919,680)	(41.3)	(1,598,974)	(43.5)

Our net loss was RMB273.9 million, RMB919.7 million and RMB1,599.0 million for the years ended December 31, 2019, 2020 and 2021, respectively. The increase in our net loss was primarily due to the significant amount of cost of revenue, selling and marketing expenses and general and administrative expenses (which was primarily due to the increase of share-based payment). As a result, our operating loss margin (non-IFRS measure), which equals operating loss (gross profit minus fulfillment expenses, selling and marketing expenses, research and development expenses and general and administrative expenses, and adding back share-based payments) divided by revenue for the year and multiplied by 100%, increased from 6.7% for the year ended December 31, 2020 to 9.2% for the year ended December 31, 2021. We incurred significant operating expenses primarily because we intended to drive the rapid growth of our product and service offerings, enhance brand awareness and lay a solid foundation to support our future expansion. In addition to the foregoing factors, our net loss in the Track Record Period was also attributable to the fair value changes on financial liabilities at FVTPL, which will be reclassified to equity as a result of the automatic conversion upon [**REDACTED**].

Non-IFRS Measures

We believe that the presentation of such non-IFRS measures of adjusted net loss and adjusted net margin provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net loss (non-IFRS measure) and adjusted net margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted net loss (non-IFRS measure) and adjusted net margin (non-IFRS measure) has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS. See "Financial Information — Non-IFRS Measure: Adjusted Net Loss and Adjusted Net Margin."

We define adjusted net loss (non-IFRS measure) as net loss for the periods adjusted by adding back fair value losses on financial liabilities at FVTPL, share-based payments and one-off [**REDACTED**]. We exclude these items because they are not expected to result in future cash payments that are recurring in nature and they are not indicative of our core operating results and business outlook. We account for the shares with preferred rights as financial liabilities at fair value through profit or loss. The fair value of shares with preferred rights has been determined by using the income approach and is affected primarily by the changes in our equity value. We expect continuous fluctuation of the fair value of our Preferred Shares will affect our financial performance until the [**REDACTED**]. Thereafter, we do not expect to recognize any further loss or gain on fair value changes from Preferred Shares in the future and expect to revert to a net asset position. The reconciling item is non-cash, non-recurring and does not result in cash outflow, which complies with guidance letter HKEX-GL103-19 issued by the Stock Exchange ("**GL103-19**"). In addition, we account for the compensation cost from share-based payment transactions with employees based on the grant-date fair value of the equity instrument issued under Share Incentive Plan. The grant-date fair value of the award is recognized as compensation expense over the period during the vesting period, which is generally the period an employee is required to provide service in exchange for the award. The reconciling item is non-cash and does not result in cash outflow, which complies with GL103-19. Further, we exclude [**REDACTED**] as this item, which arises from activities relating to the Listing, is one-off and non-recurring. We define adjusted net margin (non-IFRS measure) as adjusted net loss (non-IFRS measure) divided by revenue for the period and multiplied by 100%.

The following table reconciles our adjusted net loss (non-IFRS measure) for the periods indicated:

	For the year ended December 31,		
	2019	2020	2021
	(RMB in thousands, except for percentages)		
Reconciliation of net loss to adjusted net loss:			
Net loss for the year	(273,932)	(919,680)	(1,598,974)
Add			
Fair value losses on financial liabilities at FVTPL	150,685	754,591	912,201
Share-based payments	–	13,064	323,911
[**REDACTED**]	–	2,771	33,337
Adjusted net loss (non-IFRS measure)	**(123,247)**	**(149,254)**	**(329,525)**
Adjusted net loss margin (non-IFRS measure)	**(9.7)%**	**(6.7)%**	**(9.0)%**

Revenue, Gross Profit and Gross Profit Margin Breakdowns

During the Track Record Period, we generated revenue primarily from (1) pharmaceutical and healthcare business, and (2) others. The following table sets forth a breakdown of our revenue by segments for the periods indicated:

	For the year ended December 31,					
	2019		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%
Pharmaceutical and healthcare business	1,250,895	98.1	2,204,689	98.9	3,561,336	96.8
Others	24,694	1.9	23,874	1.1	117,354	3.2
Total	1,275,589	100.0	2,228,563	100.0	3,678,690	100.0

Revenue from pharmaceutical and healthcare business consists of revenue from online direct sales, business distribution and offline retail, which, in aggregate, accounted for more than 95% of our revenue during the Track Record Period. The table below sets forth the breakdown of our revenue by distribution channels in our pharmaceutical and healthcare business:

	For the year ended December 31,					
	2019		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%
Online direct sales	906,517	72.5	1,695,490	76.9	2,583,613	72.5
Business distribution	229,572	18.3	339,163	15.4	408,918	11.5
Offline retail(1)	114,806	9.2	170,036	7.7	568,805	16.0
Total	1,250,895	100.0	2,204,689	100.0	3,561,336	100.0

Note:

(1) Our revenue from offline channels increased significantly in the year ended December 31, 2021, as a result of the increase in the number of our DTP pharmacies due to our acquisition of Yaofangwang. See "History — Major Acquisitions." The DTP business under Yaofangwang was mainly conducted through offline retail, which is in line with general practice in the industry.

Others consists primarily of marketing services, marketplace services and other services. In 2019, 2020 and 2021, revenue from others amounted to RMB24.7 million, RMB23.9 million and RMB117.4 million, respectively, accounting for 1.9%, 1.1% and 3.2% of our revenue of the corresponding periods, respectively.

	For the year ended December 31,					
	2019		2020		2021	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%
Pharmaceutical and Healthcare Business						
Online Direct Sales(1)	321,060	35.4	574,394	33.9	773,097	29.9
Distribution(2)	78,317	34.1	105,492	31.1	150,700	36.9
Offline Retail(3)	48,146	41.9	65,382	38.5	127,334	22.4
Others	22,431	90.8	20,925	87.6	111,180	94.7
Total	469,954	36.8	766,193	34.4	1,162,311	31.6

Notes:

(1) Users are our counterparties in our online direct sales channel.

(2) Businesses are our counterparties in our distribution channel.

(3) Users are our counterparties in our offline retail channel. Our gross profit margin from offline channels decreased significantly in the year ended December 31, 2021, as a result of the increase of the DTP sales volume through offline channels due to our acquisition of Yaofangwang. See "History — Major Acquisitions." The gross profit margin of DTP business was lower than our pharmaceutical and health business prior to such acquisition.

	For the year ended December 31,					
	2019		2020		2021	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%
Pharmaceutical and Healthcare Business						
OTC drugs	185,053	32.4	258,453	30.2	298,959	27.4
Prescription drugs	37,512	25.7	78,828	20.9	215,025	17.5
Healthcare products	224,958	42.1	407,987	42.0	537,147	43.3
Total	447,523	35.8	745,268	33.8	1,051,131	29.5

We have experienced significant growth during the Track Record Period, which is mainly attributable to the increase of our sales order volume that resulted from the enhancement of our popularity among consumers online, the increase in our investment in branding, and in particular, the expansion of our smart pharmacy network. See "Business — Our Smart Pharmacy Network." The increase of revenue from other business is primarily attributable to the expansion of the scale of our business and the increase in the influence of our platform.

To encourage repeated purchases, we provide purchasers with a variety of purchasing subsidies options such as coupon packages. In 2019, 2020 and 2021, we provided subsidies of RMB208.4 million, RMB412.2 million and RMB722.5 million, respectively, to the users. As a result, from the financial performance perspective, our revenue from pharmaceutical and healthcare business increased by 76.2% from RMB1,250.9 million in 2019 to RMB2,204.7 million in 2020, and further increased by 61.5% to RMB3,561.3 million in 2021; and from operating performance perspective, our sales orders, total registered users, average MAU and average monthly paying users have rapidly increased during the Track Record Period. Our average subsidies ratio (defined as average amount of subsidies provided by each smart pharmacy as a percentage of average total revenue per smart pharmacy) provided per smart pharmacy increased in the year ended December 31, 2020 and 2021, primarily as a result of our strategy to (i) remain competitive in the market where the subsidy ratio by key market players generally increased during the same period, according to the Frost & Sullivan Report; and (ii) retain the users acquired during the COVID-19 outbreak in 2020.

In 2019, 2020 and 2021, our gross profit amounted to RMB470.0 million, RMB766.2 million and RMB1,162.3 million, corresponding to gross profit margin of 36.8%, 34.4% and 31.6%, respectively. The decrease of our gross profit margin was due to the higher growth rate of cost than that of our revenue, as a result of (i) our dedication to enhancing market recognition, retaining existing users and acquiring new users, and maintaining competitiveness in the industry by taking methods such as offering subsidy policy to consumers, (ii) the increase in our sales of prescription drugs, which are of lower gross profit margin, to capture opportunities related to the industry trend of prescriptions outflow, and (iii) the acquisition of Yaofangwang, which contributed substantially to the increase in our sales of prescription drugs.

Summary of Consolidated Balance Sheets

	As of December 31,		
	2019	**2020**	**2021**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
Inventories	168,549	323,470	434,022
Trade and other receivables and prepayments	87,932	187,584	279,591
Amounts due from related parties	814	309	1,086
Financial assets at FVTPL	43,267	321,480	–
Cash and cash equivalents	144,691	260,574	1,552,994
Current assets	445,253	1,093,417	2,267,693
Trade and other payables	247,387	440,697	586,651
Amounts due to related parties	14,233	45,568	22,512
Contract liabilities	25,996	50,653	59,780
Lease liabilities	38,994	53,865	61,383
Income tax payable	5,614	10,124	8,603
Deferred income	–	598	–
Current liabilities	332,224	601,505	738,929
Net current assets	113,029	491,912	1,528,764
Property and equipment	45,373	46,430	45,013
Right-of-use assets	126,914	151,383	168,518
Goodwill	85,504	256,417	255,762
Other intangible assets	45,400	230,068	199,241
Investment in an associate	389	–	–
Rental deposits	5,344	8,431	9,932
Non-current assets	308,924	692,729	678,466
Contract liabilities	5,378	9,756	8,899
Lease liabilities	79,983	87,388	95,629
Financial liabilities at FVTPL[(1)]	763,883	2,343,474	4,650,950
Deferred tax liabilities	10,119	49,065	41,581
Non-current liabilities	859,363	2,489,683	4,797,059
Equity attributable to owners of the Company	(447,062)	(1,358,415)	(2,612,247)
Non-controlling interests	9,652	53,373	22,418
Total equity	(437,410)	(1,305,042)	(2,589,829)

Note:

(1) Upon [**REDACTED**] all Preferred Shares will be reclassified from financial liabilities to equity as a result of the automatic conversion into our Shares, as such, our net liabilities position would turn into net assets position.

During the Track Record Period, our net current assets increased from RMB491.9 million as of December 31, 2020 to RMB1,528.8 million as of December 31, 2021, primarily due to an increase in cash and cash equivalents, inventories, trade and other receivables and prepayments, and a decrease in amounts due to related parties, partially offset by a decrease in financial assets at FVTPL and an increase in trade and other payables. Our net current assets increased from RMB113.0 million as of December 31, 2019 to RMB491.9 million as of December 31, 2020, primarily due to an increase in financial assets at FVTPL, inventories, cash and cash equivalents and trade and other receivables and prepayments, partially offset by an increase in trade and other payables, amounts due to related parties, contract liabilities and lease liabilities.

Summary of the Consolidated Statements of Cash Flows

	For the Year ended December 31,		
	2019	2020	2021
	(RMB'000)	(RMB'000)	(RMB'000)
Operating cash flows before movements in working capital	(57,476)	(61,546)	(219,125)
Changes in working capital	(201,689)	(115,910)	(50,245)
Income taxes paid	(6,732)	(15,590)	(26,120)
Net cash generated from/(used in) operating activities	(265,897)	(193,046)	(295,490)
Net cash generated from/(used in) investing activities	10,577	(486,471)	306,635
Net cash (used in)/generated from financing activities	353,769	795,400	1,271,553
Net increase in cash and cash equivalents	98,449	115,883	1,282,698
Cash and cash equivalents at beginning of the year	46,242	144,691	260,574
Effect of foreign exchange rate changes on cash and cash equivalents	–	–	9,722
Cash and cash equivalents at end of year	144,691	260,574	1,552,994

We recorded net operating cash outflow during the Track Record Period, especially, our net operating cash outflow increased from RMB193.0 million in 2020 to RMB295.5 million in 2021.

- In 2021, net cash used in operating activities was RMB295.5 million, which was primarily attributable to the increase in inventories of RMB109.8 million and increase in trade and other receivables and prepayments of RMB89.6 million, and adjusted by (i) non-cash and non-operating items, which primarily consists of loss on fair value change of financial liabilities at fair value through profit or loss of RMB912.2 million, depreciation of right-of-use assets of RMB78.4 million, and share-based payments expenses of RMB323.9 million; and (ii) changes in working capital, which primarily resulted from an increase in trade and other payables of RMB136.6 million.

- In 2020, net cash used in operating activities was RMB193.0 million, which was primarily attributable to the increase in inventories of RMB116.0 million and increase in trade and other receivables and prepayments of RMB83.1 million, and adjusted by non-cash and non-operating items, which primarily consists of loss on fair value change of financial liabilities at fair value through profit or loss of RMB754.6 million, depreciation of right-of-use assets of RMB47.7 million, depreciation of property and equipment of RMB20.9 million and share-based payment expense of RMB13.1 million.

- In 2019, net cash used in operating activities was RMB265.9 million, which was primarily attributable to the increase in inventories of RMB84.7 million, increase in trade and other receivables and prepayments of RMB44.7 million and decrease in trade and other payables of RMB84.5 million, and adjusted by non-cash and non-operating items, which primarily consists of loss on fair value changes of financial liabilities at fair value through profit or loss of RMB150.7 million, depreciation of right-of-use assets of RMB35.6 million, and depreciation of property and equipment of RMB16.8 million.

In light of our cash outflow from operating activities, net liabilities and net losses throughout the Track Record Period, going forward, we plan to ensure our working capital sufficiency primarily by (i) generating more revenue through expanding our user base, further enhancing our user engagement and broadening our product and service offerings; (ii) adopting comprehensive measures to effectively control cost and operating expenses; and (iii) enhancing working capital management efficiency. We have allocated dedicated human power by improving staffing and staff's expertise to strengthen inventory management. We have also applied data analysis and product demand forecast method and further enhanced the development of suppliers and the replenishment management system to improve the inventory turnover management. As a result, our inventory turnover days decreased from 60.6 days for the year ended December 31, 2020 to 54.2 days for the year ended December 31, 2021. In particular, we seek to improve our liquidity and net current liabilities going forward by driving our operating cash flow through our expanding smart pharmacy network to achieve the improvement of overall business scale and profitability. In view of net operating cash outflows as of December 31, 2021, we expect our operating cash flow position to improve as a result of (i) improved management of trade receivables, trade payables and inventory turnover as we continue to optimize our IT system, (ii) stable cooperation with our suppliers who would grant us favorable credit terms, and (iii) our continued efforts to improve overall profitability, which we believe would help improve our liquidity and asset position.

Key Financial Ratios

The following table sets out our key financial ratios for the periods indicated:

	For the year ended December 31,		
	2019	2020	2021
Revenue growth	118.2%	74.7%	65.1%
Gross profit margin(1)	36.8%	34.4%	31.6%
Net margin(2)	(21.5)%	(41.3)%	(43.5)%
Adjusted net margin (non-IFRS measure)(3)	(9.7)%	(6.7)%	(9.0)%
Current ratio(4)	1.3	1.8	3.1
Quick ratio(5)	0.8	1.3	2.5

(1) Gross profit margin equals gross profit divided by revenue for the year and multiplied by 100%.

(2) Net margin equals net loss divided by revenue for the year and multiplied by 100%.

(3) Adjusted net margin (non-IFRS measure) equals adjusted net loss (non-IFRS measure) divided by revenue for the year and multiplied by 100%.

(4) Current ratio equals current assets divided by current liabilities as of the same date.

(5) Quick ratio equals current assets less inventories and divided by current liabilities as of the same date.

RISK FACTORS

Our operations and the [**REDACTED**] involve certain risks and uncertainties, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to invest in our [**REDACTED**]. Some of the major risks we face relate to: (i) our ability to provide superior user experience and maintain users' trust in our brand, our product and service offerings; (ii) the development of digital health and wellness market and our ability to drive user engagement; (iii) the fact that we are in the early stage of development with a limited operating history in an emerging and dynamic industry; (iv) our ability to manage the growth of our business and operations or implement our business strategies successfully; (v) the fact that we are subject to extensive and evolving regulatory requirements; (vi) our ability to compete effectively; (vii) our ability to continue to attract and retain users; (viii) the fact that our sale of pharmaceutical and healthcare products is subject to a variety of risks; (ix) our ability to handle and secure data; (x) the possible impairment losses of goodwill and other intangible assets; and (xi) potential tax exposure to the Group arising from the difference of PRC enterprise income tax and VAT rate between Dingdang Medicine Express Technology and the WFOE under the Contractual Arrangements.

OUR CONTROLLING SHAREHOLDERS GROUP AND CONTINUING CONNECTED TRANSACTIONS

As at the Latest Practicable Date, Mr. Yang Wenlong indirectly owns or controls 50.48% of the voting rights of our Company (as to approximately 21.16% being held through Delight Health Limited, approximately 22.59% being held through Future Health Limited, approximately 6.73% being held or controlled through voting rights entrustment arrangements (including, 0.90% being held or controlled through Excel Returns Group Limited, approximately 4.16% being controlled through Go Prosper Enterprises Corporation, and approximately 1.67% being controlled through Much Premium Investment Limited) ("**Voting Rights Entrustment Arrangements**"). Delight Health Limited is a wholly owned subsidiary of Delight Faith Limited, a company owned by Mr. Yang Wenlong as to 60% of its equity interest and by Mr. Yang Yibin as to 40% of its equity interest. Future Health Limited is a wholly owned subsidiary of Go Far Limited, a company owned by Mr. Yang Wenlong as to 60% of its equity interest and by Mr. Yang Xiao as to 40% of its equity interest. Therefore, Mr. Yang Wenlong, Mr. Yang Yibin and Mr. Yang Xiao, Excel Returns Group Limited, Go Prosper Enterprises Corporation and Much Premium Investment Limited, Delight Health Limited, Future Health Limited, Delight Faith Limited, and Go Far Limited are deemed to be a group of Controlling Shareholders ("**Controlling Shareholders Group**") of our Company. Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), the Controlling Shareholders Group will be interested in [**REDACTED**]% of the voting rights of our Company and thus remain a group of Controlling Shareholders of our Company. See "Relationship with our Controlling Shareholders Group" for further details.

We have entered into and are expected to continue with certain transactions after the completion of the [**REDACTED**] which will constitute our non-exempt continuing connected transactions under Chapter 14A of Listing Rules upon [**REDACTED**]. See "Connected Transactions" and "Waivers from Strict Compliance with the Listing Rules and Exemption from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Non-exempt Continuing Connected Transactions."

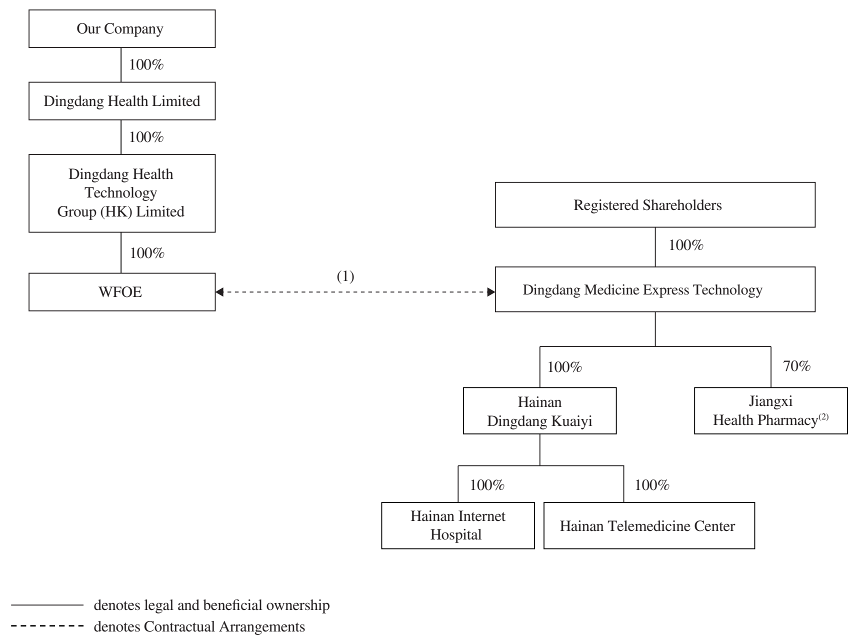
PRE-[REDACTED] INVESTMENTS

We have completed several rounds of equity financing in the past few years. See "History, Reorganization and Corporate Structure — Pre-[**REDACTED**] Investments" for details.

CONTRACTUAL ARRANGEMENTS

The operations of our Consolidated Affiliated Entities are subject to various foreign ownership restrictions under PRC laws and regulations. In order to maintain and exercise control over our Consolidated Affiliated Entities, we have adopted Contractual Arrangements. These Contractual Arrangements allow us to enjoy the economic benefits of our Consolidated Affiliated Entities and consolidate their results of operations into ours. See "Contractual Arrangements."

The diagram below illustrates the relationships among the entities under the Contractual Arrangements:



Notes:

(1) The WFOE provides business support, technical and consulting services in exchange for service fees from Dingdang Medicine Express Technology. For details, please refer to "Contractual Arrangements — Summary of the Material Terms under the Contractual Arrangements."

(2) The remaining 30% equity interest of Jiangxi Health Pharmacy is held by Feng Gang (馮鋼), who holds several positions within our Group, including the executive director and general manager of Dingdang Smart Pharmacies (Shanghai) Co., Ltd (叮噹智慧藥房(上海)有限公司).

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the [**REDACTED**] of the Stock Exchange for the granting of the [**REDACTED**] of, and permission to deal in, our [**REDACTED**] in issue and to be issued pursuant to the [**REDACTED**] on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue of RMB3.7 billion (equivalent to approximately HK$4.6 billion) for the year ended December 31, 2021 exceeds HK$500 million, and (ii) our expected market capitalization at the time of [**REDACTED**], which, based on the low-end of the indicative [**REDACTED**] range, exceeds HK$4 billion.

DIVIDEND

During the Track Record Period and up to the Latest Practicable Date, we did not declare any dividend to our shareholders. As advised by our Cayman Islands counsel, under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profits or share premium account. Even if there is an accumulated loss, a dividend may be paid out of the share premium account, provided that the memorandum and articles of association of the Cayman Islands company do not prohibit such payment and that the Cayman company satisfies the solvency test set out in the Cayman Companies Act. There are no provisions in the Memorandum and Articles which prohibit dividends being declared and paid out of our share premium account notwithstanding our profitability, provided that our Company satisfies the solvency test set out in the Cayman Companies Act. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board. There is no assurance that dividends of any amount will be declared or be distributed in any year. Although currently we do not have a formal dividend policy or a fixed dividend distribution ratio, our Board may declare dividends in the future after taking into account various factors including our future earnings and cash inflows, future plan for use of funds, long-term development of our business and other legal and regulatory restrictions.

USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the [**REDACTED**] Range of between HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**]), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses paid and payable by us in connection with the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised. In line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**] million, for business expansion, such as the further development of smart pharmacy network, and enhancement of user growth and engagement;

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**] million, for optimizing of our technology systems and operating platforms;

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**] million, for upgrading our services and business, such as building professional structure of doctors and pharmacists;

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**] million, for our potential investments and acquisitions or strategic alliances along with the value chain of the healthcare industry in which we operate; and

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**] million, for working capital and other general corporate purpose.

RECENT DEVELOPMENTS

Since the end of the Track Record Period and up to the Latest Practicable Date, our business continued to expand. As of the Latest Practicable Date, we had 348 smart pharmacies, and a team of 18 full-time and 73 part-time doctors, more than 800 external doctors that we were connected to through our collaboration with a third-party medical institution and 427 pharmacists, which effectively meets the needs of our users for real-time consultation with the support from our platform and technologies. As of the Latest Practicable Date, the number of our distributors was 185.

Going forward, we plan to achieve profitability primarily by further (i) growing our user base and their average spending; (ii) achieving revenue growth in our principal business; (iii) improving our result of operations and increasing operating leverage; and (iv) improving our asset position and cash flow position. These will allow us to increase our revenue and manage our cost and expenses to reach profitability and realize positive operating cashflows. See "Business – Business Sustainability."

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2021, being the end date of the periods reported on in the Accountants' Report in Appendix I to this document, and there is no event since December 31, 2021 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

On October 26, 2021, the NHC promulgated the Rules for Regulation of Internet Medical Treatment (Draft for Comments) (the "**NHC Paper**"), which further clarifies the boundaries and rules of internet medical treatment from multiple dimensions. According to the NHC Paper, medical institutions conducting internet medical treatment activities should actively interface with and accept supervision of the provincial supervision platforms, and set up a special department and establish the corresponding management system to manage matters such as medical quality and medical safety. The medical practitioners carrying out internet medical treatment activities are required to undergo real-name authentication, and no person, artificial intelligence software, etc. other than the physician himself or herself may impersonate or replace the physician in carrying out medical treatment activities. If the medical practitioners conduct internet consultation activities at an Internet hospital other than their main place of practice, they should register or record their practice in accordance with the relevant requirements for Multi-site Practice Filing in the location of that Internet hospital. Patients are required to provide medical records with a clear diagnosis and the receiving physician will determine whether they meet the conditions for follow-up consultation. The entire process of internet medical treatment should be traceable, and the data interface should be open to the provincial supervision platform. Furthermore, the relevant data should be kept for no less than 15 years. In addition, if medical institutions carry out drug distribution independently or entrust a third party, the relevant agreements and prescription flow information should be traceable, and the data interface should be open to the provincial supervision platform.

As advised by our independent internal control consultant, there is no material deficiencies identified for the internal control measures in effect to fulfill the requirements under the NHC Paper (if enacted in its current form). Relevant internal control measures and procedures have been established to govern internet medical treatment business, which have been approved by our management and circulated to the relevant staff to follow up. Our deputy general manager has been assigned to monitor the operation and compliance of internet medical treatment business. Self-check has been conducted regularly to ensure that the services provided, information and platform management and etc. comply with relevant rules and regulations. Besides, assessment has also been performed for the doctors and training has also been provided to ensure that their practice complies with relevant rules and regulations. Mechanism has also been established for whistleblowing and reporting of non-compliance issues and accidents. As such, we believe that our current internal control measures in effect have already fully addressed the requirements under the NHC Paper (if enacted in its current form), and there will be no material impact of the NHC Paper (if enacted in its current form) on the our operations and financial position.

In terms of future plan, according to our operational and information system risk management, we have adopted strict internal policies and procedures to ensure compliance of our business operations with relevant laws and regulations, and our compliance and legal department is responsible for monitoring the updates on the NHC Paper and is responsible for reviewing and updating our internal policies and procedures accordingly so that such internal policies and procedures and their implementation are effective and sufficient for the compliance of the NHC Paper.

On June 10, 2021, the Standing Committee of the National People's Congress promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which has taken effect in September 2021. The Data Security Law introduces a data classification and hierarchical protection system based on the materiality of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of persons or entities when such data is tampered with, destroyed, divulged, or illegally acquired or used. It also provides for a security review procedure for the data activities which may affect national security.

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**", jointly with the relevant authorities, published the Measures for Cybersecurity Review (《網絡安全審查辦法》), which stipulates that operators of critical information infrastructure purchasing network products and services, and network platform operators carrying out data processing activities that affect or may affect national security, shall conduct cyber security review. Pursuant to Article 7 of the Measures for Cybersecurity Review, any network platform operator with data on more than 1 million users must go through a cybersecurity review by the cybersecurity review office before listing in a foreign country (original text read as follows: "掌握超過100萬用戶個人信息的網絡平台運營者赴國外上市，必須向網絡安全審查辦公室申報網絡安全審查". However, the Measures for Cybersecurity Review provides no further explanation or interpretation for "listed abroad" (國外上市). On November 14, 2021, the CAC promulgated the Network Data Security Management Regulations (the "**Draft for Comments**", (《網絡數據安全管理條例(徵求意見稿)》), which provides that data processors listing in Hong Kong which affects or may affect national security shall apply for cybersecurity review. However, the Draft for Comments provides no further explanation or interpretation for "affects or may affect national security" and there is substantial uncertainty as to its eventual introduction and entry. As advised by our PRC Legal Advisors, the exact scope of "affects or may affect national security" under the Draft for Comments and the current regulatory regime remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws. As of the Latest Practicable Date, we had not been involved in any investigations on cybersecurity review made by the CAC on such basis, and we have not received any inquiry, notice, warning, or sanctions in such respect. Based on the foregoing, we and our PRC Legal Advisors are of the view that, as of the date of this document, the current applicable PRC laws on cybersecurity would not have any material adverse impact on us.

On December 27, 2021 the MOFCOM and the NDRC jointly promulgated the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Version) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the "**2021 Negative List**", which became effective on January 1, 2022. According to the 2021 Negative List, the value added telecommunications services (excluding e-commerce business, domestic multi-party communications, store-and-forward and call centers) fall into the "restricted" category, and medical institutions are limited to the form of joint venture. The 2021 Negative List lacks clear guidance on the categorization of operation of "Internet hospital services" in terms of foreign investment restriction.

On December 24, 2021, the CSRC published the draft Administrative Provisions of the State Council on the Overseas Issuance and Listing of Securities by Domestic Companies (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草稿徵求意見稿)》) (the "**Draft Provisions**") and the draft Measures for the Overseas Issuance and Listing of Securities Record-filings by Domestic Companies (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》) (the "**Draft Measures**") (together with the Draft Provisions, "**the Drafts**"), which are open for public comments until January 23, 2022. The Drafts regulate the system, filing management and other related rules with respect to direct or indirect overseas issuance of listed and traded securities by "domestic enterprises." As of the Latest Practicable Date, the Drafts have not been formally adopted yet, and it is uncertain when the final regulations will be issued and take effect, how they will be enacted, interpreted and implemented, and whether or to what extent they will affect the Company.

IMPACT OF COVID-19 ON OUR OPERATIONS

Since the end of December 2019, the outbreak of COVID-19 has materially and adversely affected the global economy. In response, China, together with other countries and regions across the world, has imposed widespread lockdowns, closure of workplaces and restrictions on mobility and travel to contain the spread of the virus. By approximately the fourth quarter of 2020, almost all cities in China had eased or lifted domestic travel restrictions and resumed normal social activities, business, work and production.

We prioritize the health conditions of our employees in all our business operations. We have employed various measures to mitigate the impact of the COVID-19 outbreak on our business operations.

Despite the impacts of the COVID-19 outbreak on the general economy, we still managed to achieve improved financial performance in the year ended December 31, 2020, which was primarily due to (i) increasing sales of disinfection-related products and personal protective materials, including masks, wipes, hand sanitizers, medical gloves, safety glasses, thermometers, and disinfection products, during the COVID-19 outbreak, which may not recur in the future; the revenue contribution from sales of disinfection-related products and personal protective materials in 2019, 2020 and 2021 was RMB17.0 million, RMB175.3 million and RMB44.1 million, respectively, accounting for 1.3%, 7.9% and 1.2% of our revenue of the corresponding periods, respectively; and (ii) lower level of fulfillment expenses as a result of a series of policies regarding reduction and exemption of enterprise's social insurance contributions promulgated by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration, which may not recur in the future; In 2020, our fulfillment expenses was reduced by RMB7.0 million with the benefit of such policies, accounting for 2.5% of the actual fulfillment expenses in the same period. Although conditions have substantially improved since the second half of 2020 in China, there has been an increasing number of COVID-19 cases around the world due to the Delta and Omicron variants. With the sustained implementation of the disease prevention and containment policies and the development of vaccines, it is still uncertain whether the COVID-19 outbreak can continue to be largely contained in China and what further impact COVID-19 will have on our business or our industry. In the case of further spread of COVID-19, our business may be disturbed by actions adopted by the government authorities to contain it. See "Risk Factors — Risks relating to Our Business and Industry — We face risks related to health epidemics, which could significantly disrupt our business, financial condition and results of operations."

[**REDACTED**] STATISTICS

All statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has been completed and [**REDACTED**] are issued pursuant to the [**REDACTED**]; and (ii) [**REDACTED**] Shares are issued and outstanding following the completion of the [**REDACTED**].

	Based on an [REDACTED] of HK$[REDACTED] per Share	**Based on an [REDACTED] of HK$[REDACTED] per Share**
Market [**REDACTED**] of our Shares(1)	HK$[**REDACTED**] million	HK$[**REDACTED**] million
Unaudited [**REDACTED**] adjusted consolidated tangible assets less liabilities per Share(2)	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) The calculation of market [**REDACTED**] is based on [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**].

(2) The unaudited [**REDACTED**] adjusted consolidated tangible asset less liabilities per Share as of December 31, 2021 is calculated after making the adjustments referred to in Appendix II and on the basis that [**REDACTED**] Shares are expected to be in issue immediately upon completion of the [**REDACTED**].

[**REDACTED**] AND [**REDACTED**]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] range stated in this document), the aggregate [**REDACTED**] and fees, together with the Stock Exchange [**REDACTED**], SFC transaction levy, FRC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the [**REDACTED**], which are payable by us are estimated to amount in aggregate to be approximately RMB[**REDACTED**] million (including (i) [**REDACTED**] of approximately RMB[**REDACTED**] million, and (ii) non-[**REDACTED**] related expenses of approximately RMB[**REDACTED**] million, which consist of fees and expenses of legal advisors and Reporting Accountant of approximately RMB[**REDACTED**] million and other fees and expenses of approximately RMB[**REDACTED**] million), accounting for [**REDACTED**]% of gross [**REDACTED**] from the [**REDACTED**]. We incurred RMB[**REDACTED**] million of [**REDACTED**] and issue costs during the Track Record Period. We expect to charge approximately RMB[**REDACTED**] million of the estimated [**REDACTED**] to profit or loss and to capitalize approximately RMB[**REDACTED**] million following the [**REDACTED**].