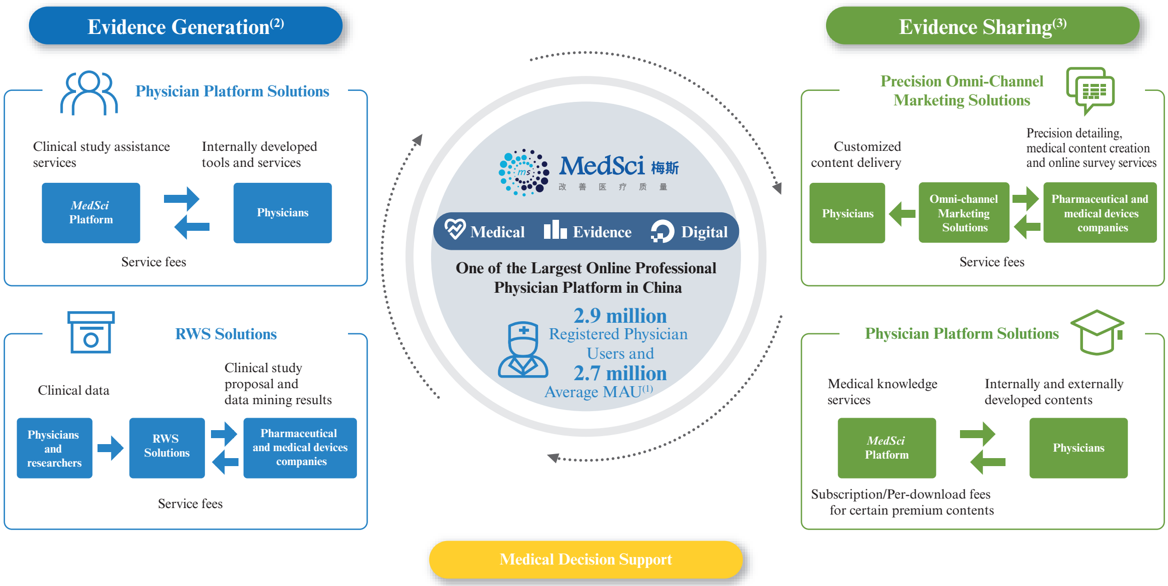
The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed "Risk Factors" and "Business."

OVERVIEW

We operate online professional physician platforms in China. As of December 31, 2022, our platform had approximately 2.9 million registered physician users and our average MAU reached approximately 2.7 million in 2022. Our *MedSci* platform also features a high percentage of experienced physician users with the title of associate-chief physician (副主任醫師) and above. As of December 31, 2021, the total number of registered physician users on our *MedSci* platform who had the title of associate-chief physician and above represented 67.1% of the total number of physicians in China who had obtained the title of associate-chief physician and above, based on the latest published information from the NHC. Our *MedSci* platform is accessible through multiple channels such as website, mobile application, WeChat mini-program and WeChat public account. While key functions of the *MedSci* platform are self-developed by us, third parties, primarily pharmaceutical and medical device companies, also provide ancillary support, such as academic medical contents they created or copyrighted.

As illustrated by the diagram below, we mainly provide physician platform solutions, precision omni-channel marketing solutions and RWS solutions to our customers. We believe such solution offerings can help generate and share meaningful medical evidence to a wider physician community and help guide prescription decisions of physicians in order to promote the rational use of medical products and deliver better value and care to patients. We are committed to solidifying our position as a platform-based, professional-knowledge-oriented and digitalized med-tech company and aspire to enhance the overall quality of patients' healthcare through the value offered by generating and sharing medical evidence. The diagram below provides an overview of our service offerings alongside the value we offered:



Note:

(1) For the year ended/as of December 31, 2022

(2) Our clinical study assistance services and RWS solutions can support the generation of medical evidence for physicians, pharmaceutical and medical device companies and other industry stakeholders, respectively.

(3) Our precision omni-channel marketing solutions and medical knowledge services can share medical evidence to a wide group of pharmaceutical and medical device companies, physicians and other stakeholders.

We delivered strong financial performance during the Track Record Period. Our total revenue increased by 37.9% from RMB215.9 million in 2020 to RMB297.7 million in 2021 and further increased by 17.2% from RMB297.7 million in 2021 to RMB349.0 million in 2022. Such strong financial performance is primarily driven by (i) our evolving professional service capabilities; (ii) our ability to retain existing customers and expand our customer base to capture new customers; and (iii) the standardization of our service portfolio on our *MedSci* platform.

BASIS OF PRESENTATION

The historical financial information of our Group has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board. The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to make judgements, estimates and assumptions in the process of applying our Group's accounting policies. Judgements made by management in the application of IFRS that have a significant effect on the historical financial information and major sources of estimation uncertainty are discussed in Note 3 to the Accountants' Report included in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are outside of our control. These factors include but are not limited to the following:

Economic and Industry Trends in China

Our business and results of operations are affected by general factors affecting China's healthcare industry, particularly the pharmaceutical and medical device industries. Such general factors include China's overall economic growth, aging population, increasing disposable income, rising prevalence of chronic diseases and growing health awareness. China's healthcare expenditure is expected to continue to grow and will result in a continued increase in spending on digital healthcare marketing by pharmaceutical and medical device companies.

In addition, our business and results of operations are also affected by government policies and regulations applicable to the healthcare industry. We have benefited from certain recent favorable regulatory and policy changes in China. The impact of centralized procurement on pharmaceutical and medical device companies, the spurt of innovative drugs and medical devices coming to market as a result of China's healthcare reforms, and the restrictions on traditional in-person detailing through medical representatives due to the COVID-19 pandemic have provided a favorable market environment for digital healthcare marketing in recent years.

We believe we are well-positioned to benefit from such industry trends and regulatory changes. On the other hand, there could also be industry challenges and regulatory restrictions in the future that affect us.

Ability to Retain and Attract Physician Users and Drive User Engagement on Our *MedSci* Platform

Our long-term success depends on our ability to retain our existing physician users and attract new physician users, especially experienced physician users with the title of associate-chief physician and above. Our large and experienced physician user base and behavioral data accumulated with consent from our physician users have helped us to develop insights into the background and preferences of physicians and make us the platform of choice for pharmaceutical and medical device companies in launching digital marketing campaigns. We plan to extend our reach to cover more junior physicians who lack sufficient training and access to the latest medical knowledge information and academic support services, to attract, engage and retain additional physician users.

The attractiveness of our platform to pharmaceutical and medical device companies and the growth of our business are also driven by the engagement of our physician users. A continued increase in the engagement of our physician users will lead to an increase in more UGCs and enhanced recognition among physician users. We will continue to drive user engagement by enhancing the depth and breadth of information available on our platform, providing more comprehensive clinical decision support tools, upgrading our technology and strengthening its applications in our solutions, as well as expanding our solution offerings that are tailored to the evolving needs of physicians at all levels of expertise, leveraging our data insights.

Ability to Retain Existing Pharmaceutical and Medical Device Companies and Acquire New Pharmaceutical and Medical Device Companies

There is an increasing need for pharmaceutical and medical device companies to undergo digital transformation so as to get their products in front of physicians and patients in an efficient manner. The growth in the number of pharmaceutical and medical device companies who are our customers is a key driver of our revenue growth. We have amassed a large and diversified pharmaceutical and medical device companies customer base. During the Track Record Period, our customers for precision omni-channel marketing solutions included all of the top 20 global pharmaceutical and medical device companies in 2021 in terms of revenue, 82% of the top 50 global pharmaceutical and medical device companies in 2021 in terms of revenue, 50% of the innovative drug companies listed on the STAR Market pursuant to the fifth set of listing standards as of December 31, 2021 and 45% of the biotech companies listed on the Hong Kong Stock Exchange pursuant to Chapter 18A of the Listing Rules as of December 31, 2021.

We believe we have fostered the loyalty of existing pharmaceutical and medical device companies by delivering superior returns on their spending on our precision omni-channel marketing solutions. We benefit from our large and experienced physician user base, industry-leading academic medical expertise, strong research support capabilities, sophisticated data analytics and technological solutions, which will enable us to further strengthen our relationships with existing customers. We also seek to generate additional revenue from existing pharmaceutical and medical device companies through efforts such as expanding the product and service coverage of any single pharmaceutical and medical device company and enriching our solution offerings.

We aim to acquire and retain new pharmaceutical and medical device companies and continue to diversify our customer base. We have identified significant demand for digital marketing from pharmaceutical and medical device companies focusing on developing innovative drugs and medical devices and MNCs that need to reshape their marketing solutions with digitalized and academic medical contents. We will continue to invest in developing and offering more solutions, as well as adding new features to our existing solutions to address the needs of pharmaceutical and medical device companies more effectively.

Ability to Expand Our Solution Offerings

Our main business offerings include precision omni-channel marketing solutions, physician platform solutions and RWS solutions. We also offer other miscellaneous services during the Track Record Period. Our revenue grew significantly during the Track Record Period primarily due to our deeper penetration in these verticals and the expansion of our solution offerings to more customers.

Our future success is significantly dependent on our ability to further penetrate the verticals in which we operate by further expanding the scope of our solution offerings and by improving the quality and efficiency of our existing solutions. Historically, our revenue was primarily derived from precision omni-channel marketing solutions and physician platform solutions. We are in the process of launching a number of other products and services, including, among others, digital therapy programs, VR diagnosis products, prognosis modelling services and chronic disease management tools. We believe our new service offerings will allow us to stay at the frontend of healthcare reform.

Our Ability to Effectively Invest in Technology

Our technological capabilities are fundamental to our business. Our business and results of operations depend in part on our ability to invest in technology to cost-effectively meet the demands of our anticipated growth. Our ability to engage users and provide precision omni-channel marketing solutions to pharmaceutical and medical device companies is affected by the breadth and depth of our data insights that are enabled by our technology capabilities. We have made, and will continue to make, investments in our technology capabilities to attract physician users and pharmaceutical and medical device companies, enhance user experience and expand the capabilities and scale of our platform. In particular, we plan to continue to invest in the fields of AI, big data, smart recognition, Content and Technology Center + Software Service platforms and natural language processing to strengthen our technological advantage. We expect our strategic focus on innovations will further reinforce the entry barrier we established and enable us to capture additional market share, which in turn will enable us to further increase our revenue and strengthen our financial performance.

Seasonality

We experience seasonal fluctuations in the operating results of main solutions offerings. As compared to the rest of a year, we typically record higher revenue from our solutions offerings in the fourth quarter of a year primarily because physician users are more likely to complete IIT projects and pharmaceutical and medical device companies are more likely to engage us for precision omni-channel marketing solutions in the fourth quarter. As such, our operating results have fluctuated and are expected to continue to vary from period to period. Our financial performance for any period of less than a year may not reflect our annual financial results and a comparison of different periods may not be meaningful.

The Impact of and Our Responses to COVID-19

We primarily generate revenue from our precision omni-channel marketing solutions and physician platform solutions. Although some of our offline activities were interrupted due to the impact of COVID-19, we have not experienced significant difficulties or failed to discharge obligations under our existing contracts due to disruptions caused by the outbreak of COVID-19. We have business continuity plans in place, which include remote working arrangements for the majority of our workforce, and we do not currently anticipate significant challenges to our ability to maintain the operations of our platform in light of the measures under such plans. We also have not experienced material disruptions in services from our suppliers due to COVID-19, primarily because, as evidenced by the services provided by our five largest suppliers, many of our suppliers have assisted us in content development and such service offerings can be easily provided in remote settings. See "Business — Suppliers" for details. As a result, COVID-19 has not caused a material adverse impact on our financial condition, results of operations or development plans. However, as China relaxes its "zero-COVID" policy, there remain significant uncertainties associated with risks brought by the pandemic. See "Business — The Impact of and Our Response to COVID-19" for more details.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

Set forth below are accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in further detail in Notes 2 and 3 to the Accountants' Report included in Appendix I to this Document.

Revenue Recognition

We recognize revenue from contracts with customers when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

We transfer control of goods or services over time and recognize revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by our performance as we perform our services;
- Our performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- Our performance does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

If the control over the goods or services is transferred over time, we recognize revenue based on progress towards satisfaction of the performance obligation. Otherwise, we recognize revenue at a point in time when the customer obtains control of the goods or services.

We derive revenue from rendering of services of precision omni-channel marketing solutions, physician platform solutions, RWS solutions and sales of goods.

We recognize revenue of our major solution offerings over time in contrast to one time. Based on relevant accounting standards, since our customers simultaneously receive and consume the benefits provided by our services for precision omni-channel marketing solutions, physician platform solutions and RWS solutions, we recognize revenue over time during our performance rather than at one time after performing all obligations under the relevant contracts. See "— Precision Omni-Channel Marketing Solutions", "— Physician Platform Solutions" and "— RWS Solutions" below for details on why customers simultaneously receive and consume the benefits of our services.

For over time contracts not linked to sales of products, we recognize our over time contracts based on the input method during the Track Record Period as these over time contracts are normally entered into with fixed consideration and paid according to the progress specified in the contracts. Revenue on contracts over time involving the transfer of goods or services is recognized under either the input or output methods based on the applicable accounting standards. The input method recognizes revenue based on the proportion of the actual costs incurred relative to the estimated total costs for the satisfaction of the service. The output method recognizes revenue based on an objective measure of the value of goods or services delivered to the customer relative to the remaining promised goods or services to be delivered to the customer.

For over time contracts not linked to sales of products, we recognize revenue from our soluton offerings based on the input method during the Track Record Period primarily because (i) our major solution offerings are highly customized based on the demand from our customers and there are no universal objective milestones that can be utilized as an output to objectively measure the progress of our work; (ii) even if our contracts include certain milestone events for payments of installments of the total consideration under the contracts, such milestones in payment schedules are individually tailored and highly subjective; and (iii) given the nature of our business model with a large number of customer contracts and the relatively small amount for each contract, it is impracticable to have the customers certify objective milestones. Our Directors believe, which are concurred by Frost & Sullivan, that such revenue recognition method is not uncommon in comparable companies in the same industry. Therefore, we believe the input method is appropriate in recognizing our revenues for our major solution offerings.

As we have adopted the input method for revenue recognition for over time contracts of precision omni-channel marketing solutions, physician platform solutions and RWS solutions not linked to the sales of products during the Track Record Period, we recognize revenue based on the percentage of the actual costs incurred in relation to the estimated total costs for the satisfaction of the service. Our customers are not required to independently verify and certify our revenue under the applicable accounting standards for the input method. We believe amounts recognized under this method fairly represent our revenues as (i) we have implemented the internal control methods as described below to ensure the inputs accurately reflect the actual work progress; and (ii) the maximum amount of revenue that can be recognized was predetermined and fixed in each contract, and a majority of our contracts triggered the settlement term within one year from the date of the contracts.

Actual costs of each individual project primarily consist of staff salaries and benefits paid to our employees and content development costs paid to various content contributors, copyright owners and other third parties to produce contents for our solutions offering. Staff salaries and benefits were closely monitored in terms of actual labor hours spent on each individual project. We have adopted internal policies and standard procedures related to labor time records designed to ensure the accuracy of the records of actual labor hours expended for our projects in 2018. We also require our employees to closely track content development costs and various other costs incurred in order to accurately measure our work progress. During the implementation phase of a project, our employees are required to fill in their actual working hours and various costs incurred, along with the respective project identification codes and narratives of the work performed, in the project management system on a daily basis. Managers for each project are responsible for assigning tasks to the relevant departments and reviewing the reasonableness of time and cost records in the project management system based on the assigned tasks. To ensure the actual costs recorded are reasonably accurate, we have internal audit procedures and may conduct spot-check inspections on the time and cost records from time to time. For instance, employees at our management center who are responsible for finance and human resources need to compare the actual time entries entered with the attendance records each month to ensure the timeliness, accuracy and completeness of the actual costs recorded. We require our employees to trace labor time records and content development costs to each individual project when entering their daily working hours and expense entries in the project management system. As such, the vast majority of costs recorded are tied to each individual project. Nonetheless, we may incur some common costs during our operations and would allocate such common costs among different projects pro rata with the respective time entries and cost records of each relevant project.

We have also implemented internal policies and standard procedures to ensure our estimated total costs are reasonably accurate and up-to-date. Based on our experience and with the benefit of historical information on actual costs incurred for completed projects, we formulated an internal manual relating to budgeting that can guide the cost estimation process. According to our internal manual, our managers for each project are required to make detailed budgets on estimated labor hours and content development costs, including the specific departments involved as well as the estimated number and type of contents to be sourced from third parties. Reviews and approvals from senior management teams are necessary before giving effects to such budgets on estimated total costs. If the actual costs deviate materially from the estimated total costs, our internal manual requires us to promptly communicate with our customers and negotiate for additional fees. Furthermore, to ensure our estimated total costs are up-to-date, we conduct monthly reviews on whether detailed budgets on estimated total costs are made for all ongoing projects, quarterly reviews on any material deviations identified with respect to the estimated total costs and the underlying reasons thereof, and annual reviews of actual costs against the estimated total costs for all ongoing or completed projects in a given year. During the Track Record Period and up to the Latest Practicable Date, we had a few instances of material adjustments on estimated total costs and communicated with our customers accordingly. We consider an adjustment material when it deviates more than 10% from the original estimated total costs and the adjustment amount is equal to or more than RMB100,000. We made such adjustments primarily due to (i) changes on actual labor hours required resulting from changed work scope or contract duration; (ii) changes on content development costs or various other costs resulting from changed work scope or the fact that we provided the underlying materials or services with our own employees rather than third-party content or service provider, decreasing the actual costs incurred; and (iii) other additional costs incurred during project execution phase as a result of COVID-19 related temporary measures, additional costs incurred during the course of obtaining ethical or regulatory approvals and costs to accommodate additional demands from our customers. Nonetheless, our Directors are of the view that such adjustments do not have a material impact on the accuracy of our overall estimated total costs as the number of contracts subject to material adjustments only constituted less than 1% of the total number of ongoing contracts as of December 31, 2022.

In 2022, we entered into certain contracts under precision omni-channel marketing solutions based on and linked to sales of products. They are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. We use the expected value method to estimate the amounts of claims and use an output method to measure progress towards complete satisfaction of the service. For details, see "— Revenue Recognition — Precision Omni-channel Marketing Solutions" below.

Precision Omni-channel Marketing Solutions

Precision omni-channel marketing solutions mainly include precision detailing services, medical content creation services and online survey services with the purpose of enabling pharmaceutical and medical device companies to efficiently reach target physicians and effectively convey information about their medical products.

Contracts include a single performance obligation as delivery of integrated services over a period of time. Revenue is recognized over time, as the customer simultaneously receives and consumes the benefits provided by us in precision omni-channel marketing solutions.

For contracts not linked to sales of products which are generally at fixed price and are settled according to progress specified in the contracts, we use an input method to measure progress towards complete satisfaction of the service. For instance, during project execution, we regularly meet with our customers on our work progress and actual work performed and our customers can enjoy the benefits provided by us in precision omni-channel marketing solutions the moment we started to connect physicians, create medical contents or administer online surveys. During these regular follow-up meetings, our customers can provide timely feedbacks based on services received in order for us to provide more targeted precision omni-channel marketing solutions for them. All of these happen over a period of time. The fact that another entity would not need to substantially re-perform precision omni-channel marketing solutions from scratch for the service that we have provided to date even if the engagements with our customer were terminated also demonstrates that the customer simultaneously receives and consumes the benefits of our performance as we perform.

For contracts with contract price based on and linked to the volume of the customers' sales of pharmaceuticals, they are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. We use the expected value method to estimate the amounts of claims because this method best predicts the amount of variable consideration to which we will be entitled. We use an output method to measure progress towards complete satisfaction of the service. We entered into certain contracts that includes variable consideration based on volume milestones in 2022 and the amount of revenue recognized for the year ended December 31, 2022 for such contracts is nil, after taking the variable considerations into account. For details, see "Judgment — Revenue from contracts with customers".

Physician Platform Solutions

Physician platform solutions primarily involve medical knowledge services and clinical study assistance services, addressing physicians' lifelong research and learning needs. Medical knowledge services involve the provision of academic medical information to physicians, covering their lifelong learning needs and the needs of other registered users on our *MedSci* platform. Clinical study assistance services involve providing guidance and support to physicians in IITs or other non-registered clinical trials.

Revenue from medical knowledge service is recognized over the expected usage periods because the customer simultaneously receives and consumes the benefits provided by us. We do not recognize credits granted to our users and content contributors for accessing premium contents on our *MedSci* platform as revenue.

For clinical study assistance services, the customer simultaneously receives and consumes the benefits provided by us and we have an enforceable right to payment from the customer for its performance completed to date according to the contracts. For instance, during project execution, we regularly meet with physician customers on our work progress and actual work performed and our physician customers can enjoy the benefits provided by us in clinical study assistance services the moment we started to design clinical study protocols and manage relevant databases. During these regular follow-up meetings, physicians can provide timely feedbacks based on services received in order for us to provide more targeted clinical study assistance services for them. All of these happen over a period of time. The fact that another entity would not need to substantially re-perform physician platform solutions from scratch for the service that we have provided to date even if the engagements with our customer were terminated also demonstrates that the customer simultaneously receives and consumes the benefits of our performance as we perform. As a result, revenue from clinical study assistance services is recognized over time.

Input method is used to measure progress towards complete satisfaction of the service. The input method recognized revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the service.

RWS Solutions

RWS solutions involve offering real-world evidence-based research to pharmaceutical and medical device companies regarding their medical products' safety and effectiveness, including protocol design, data collection and assessment, project operation, statistical analysis and publication support.

For the RWS solutions, we consider that the series of ingredient activities undertaken are substantially the same and have the same pattern of transfer to the customers, and therefore account for them as one performance obligation. We recognize revenue for the RWS solutions ratably during the service period as the customers simultaneously receive and consume the benefits. For instance, during project execution, we regularly meet with our customers on our work progress and actual work performed and our customers can enjoy the benefits provided by us in RWS solutions the moment we started to collect data, operate the underlying project or perform statistical analysis. During these regular follow-up meetings, our customers can provide timely feedbacks based on services received in order for us to provide more targeted RWS solutions for them. All of these happen over a period of time. The fact that another entity would not need to substantially re-perform RWS solutions from scratch for the service that we have provided to date even if the engagements with our customer were terminated also demonstrates that the customer simultaneously receives and consumes the benefits of our performance as we perform.

Others

During the Track Record Period, we sold medical products from our platform. Revenue from the sales of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of goods. For sales of goods, we act as principals and are primarily responsible for selling goods to the customers. We recognize the fee received or receivable from customers as our revenue and all related goods costs as our cost of sales.

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If we perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract Liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before we transfer the related goods or services. Contract liabilities are recognized as revenue when we perform under the contract, which means transferring control of the related goods or services to the customer.

Convertible Preferred Shares

The preferred shares we issued are classified, on the basis of their component parts, as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The preferred shares issued are classified as equity if they are non-redeemable by us or redeemable only at our option, and any dividends are discretionary. Dividends on preferred shares capital classified as equity are recognized as distributions within equity. The preferred shares are classified as financial liabilities if they are redeemable on a specific date or at the option of the holders of the preferred shares (including options that are only exercisable in case of triggering events having occurred).

On November 4, 2021, we entered into a warrant subscription agreement ("**Warrant Subscription Agreement**") with Dr. Zhang Fabao, Dr. Li Xinmei and Series A-1, A-2 and B preferred shareholders as a step of the reorganization to mirror the shareholding in Shanghai MedSci before the reorganization. On November 25, 2021, we entered into a shareholders' agreement with all the then shareholders. Pursuant to such shareholder's agreement, the instrument held by each of the Series A-1, A-2 and B preferred shareholders was warrant in legal form. Once these shareholders obtain requisite requisite overseas direct investment approvals ("**ODI Approvals**"), the warrants granted can be exercised and converted into our preferred shares with no further consideration. Pursuant to the shareholders' agreement, each of the Series A-1, A-2 and B preferred shareholders shall enjoy the same rights, powers and preferences of a holder of the preferred shares as if each of them has exercised the warrant under the Warrant Subscription Agreement in full and has become a holder of the Preferred Shares. In substance, Series A-1, A-2 and B preferred shareholders enjoyed the same rights and benefits as if holders of the preferred shares before the warrants are exercised. As of May 31, 2022, these warranted were all exercised after the ODI Approvals had been obtained and the related administrative procedures had been completed to register the related shareholders as holders of the preferred shares.

The warrant held by each of the Series A-1, A-2 and B preferred shareholders is treated as preferred shares in accounting. The Series A-1 preferred shares issued by us are non-redeemable and we do not have contractual obligation to make any payment, therefore, the Series A-1 preferred shares are classified as equity instruments in the account namely convertible preferred shares when the warrants were issued. The Series A-2 and B preferred shares issued by us are redeemable at the option of the holders or upon occurrence of certain future events which are outside our control, therefore, the Series A-2 and B preferred shares are accounted for as financial liabilities in the account namely convertible redeemable preferred shares when the warrants were issued and were subsequently remeasured to fair value at the reporting date. No accounting treatment was occurred when warrants were exercised.

We designated redeemable preferred shares as financial liabilities at fair value through profit or loss. They are initially recognized at fair value. Any directly attributable transaction costs are recognized as finance costs in profit or loss as incurred. The component of fair value changes relating to our own credit risk is recognized in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to subsequent recycling in profit or loss, but are transferred to retained earnings when realized. Fair value changes relating to market risk are recognized in profit or loss.

Judgment

Revenue from contracts with customers

We applied judgement in determining the method to estimate the variable consideration and assessing the constraint for rendering the precision omni-channel marketing solutions linked to sales of products that significantly affect the determination of the amount of revenue from contracts with customers.

Certain contracts entered into during the year ended December 31, 2022 for the rendering of services of precision omni-channel marketing solutions include variable consideration that are based on volume milestones. While the underlying services provided under such contracts remain substantially the same as those entered into by us previously, the settlement term is different as the amount of contract price to be paid is dependent on the ultimate sales volumes, or volume milestones, of the underlying medical products. In estimating the variable consideration, we are required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which we will be entitled.

In estimating the variable consideration for the rendering of services of precision omni-channel marketing solutions with volume milestones, we determined that using the expected value method is appropriate. The selected method that better predicts the amount of variable consideration related to volume milestones is primarily driven by the number of volume thresholds contained in the contract. For amount of total claims to be recognized, the most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold. Output method is used to measure progress towards complete satisfaction of services in order to determine the amount of revenue recognized.

Before including any amount of variable consideration in the transaction price, we consider whether the amount of variable consideration is constrained. Such constraint means whether volume milestones can be achieved, which variable consideration is based on. The variable consideration is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty, which primarily relates to our ability to achieve targeted volume milestones with the variable consideration, is subsequently resolved. The amount of revenue recognized in 2022 for contracts including variable consideration that are based on volume milestones is nil, after taking the variable considerations into account. We determined that the estimates of variable consideration are constrained based on its historical experience, business forecast and the current economic conditions in 2022. In addition, the uncertainty on the variable consideration will be resolved within a short time frame as there were quarterly pre-settlement procedures for such contracts and the annual settlement procedure will happen in the first quarter of the following year. Such settlement procedures can help resolve the uncertainty on whether we can meet the volume milestones.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	RMB '000	*% of Revenue*	*RMB '000*	*% of Revenue*	*RMB' 000*	*% of Revenue*
Revenue	215,854	100.0	297,731	100.0	348,950	100.0
Cost of sales	(98,822)	(45.8)	(107,921)	(36.2)	(142,629)	(40.9)
Gross profit	117,032	54.2	189,810	63.8	206,321	59.1
Other income and gains	4,411	2.0	7,918	2.7	13,792	4.0
Selling and distribution expenses	(46,587)	(21.6)	(83,217)	(28.0)	(94,901)	(27.2)
Administrative expenses	(22,318)	(10.3)	(39,619)	(13.3)	(73,392)	(21.0)
Research and development expenses	(18,078)	(8.4)	(24,412)	(8.2)	(35,013)	(10.0)
Impairment losses on financial and contract assets	(507)	(0.2)	(6,504)	(2.2)	(2,534)	(0.7)
Fair value losses on convertible redeemable preferred shares	—	—	(190,630)	(64.0)	(109,350)	(31.3)
Other expenses	(359)	(0.1)	(133)	(0.1)	(858)	(0.2)
Finance costs	(421)	(0.2)	(271)	(0.1)	(357)	(0.1)
Profit/(Loss) before tax	33,173	15.4	(147,058)	(49.4)	(96,292)	(27.6)
Income tax (expense)/credit	(4,259)	(2.0)	(3,972)	(1.3)	(3,589)	(1.0)
Profit/(Loss) for the year	28,914	13.4	(151,030)	(50.7)	(99,881)	(28.6)
Attributable to:						
Owners of the parent	28,914	13.4	(151,030)	(50.7)	(99,881)	(28.6)
Other comprehensive income/(loss) for the year, net of tax	(126)	(0.1)	(499)	(0.2)	18,465	5.3
Total comprehensive income/(loss) for the year	28,788	13.3	(151,529)	(50.9)	(81,416)	(23.3)
Attributable to:						
Owners of the parent	28,788	13.3	(151,529)	(50.9)	(81,416)	(23.3)

Non-IFRS Measures

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use adjusted profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that this measure provides useful information to [REDACTED] and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of the adjusted profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted profit (non-IFRS measure) as profit/(loss) for the year adjusted by adding back [REDACTED] and fair value losses on convertible redeemable preferred shares. We exclude such items in adjusted profit (non-IFRS measure) primarily because (i) [REDACTED] are expenses related to the [REDACTED] and (ii) fair value losses on convertible redeemable shares are non-cash items and are not expected to result in future cash payments made by us. During the Track Record Period, our adjusted profit (non-IFRS measure) increased from RMB41.2 million in 2021 to RMB45.6 million in 2022. The increase of adjusted profit (non-IFRS measure) is generally in line with our revenue and profit expansion. See "— Descriptions of Major Components of Our Results of Operations" for reasons for our revenue and profit expansion.

	For the year ended December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Reconciliation of profit or loss for the year and adjusted profit (non-IFRS measure)			
Profit/(Loss) for the year	28,914	(151,030)	(99,881)
Add			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Fair value losses on convertible redeemable preferred shares(1)	—	190,630	109,350
Adjusted profit (non-IFRS measure)	28,914	41,169	45,553

Note:

1. Fair value losses on convertible redeemable preferred shares arise primarily from the changes in the carrying amount of our convertible redeemable preferred shares in connection with the [REDACTED] Investments. These fair value changes are non-cash in nature. Upon completion of the [REDACTED] and the [REDACTED], such convertible redeemable preferred shares will be automatically converted into ordinary shares of our Company at the applicable ratio with prior written approval from holders of such preferred shares and no fair value losses will be recorded.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue primarily from three main business lines, namely precision omni-channel marketing solutions, physician platform solutions and RWS solutions. The following table sets forth a breakdown of our revenue by business line, in absolute amounts and as percentages of the total revenue, for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)					
Precision Omni-channel Marketing Solutions	130,608	60.5	184,070	61.8	198,508	56.9
Physician Platform Solutions	72,602	33.6	76,446	25.7	89,136	25.5
RWS Solutions	11,737	5.5	36,590	12.3	61,306	17.6
Others	907	0.4	625	0.2	—	—
Total	215,854	100.0	297,731	100.0	348,950	100.0

Precision Omni-channel Marketing Solutions

Revenue from precision omni-channel marketing solutions is primarily derived from fees paid by pharmaceutical and medical device companies in engaging us for precision detailing services, medical content creation services and online survey services.

Physician Platform Solutions

Revenue from physician platform solutions is primarily derived from (i) service fees paid by physicians for engaging us for clinical study assistance services and (ii) subscription fees paid by physicians for accessing certain premium academic medical contents on the *MedSci* platform. The following table sets forth a breakdown of our revenue from physician platform solutions by service line for the years indicated:

	For the year ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Medical Knowledge Services	—	517	1,596
Clinical Study Assistance Services	72,602	75,929	87,540
Total	**72,602**	**76,446**	**89,136**

RWS Solutions

Revenue from RWS solutions is primarily derived from service fees paid by pharmaceutical and medical device companies in engaging us to design, administer and execute real-world evidence-based research projects to help expand their medical products' indication and recognition.

Others

Revenue from others is primarily derived from fees paid by patients for purchasing medical products in our offline pharmacies. We discontinued such services in 2021.

For details of our brands and products, see "Business — Our Business Services."

Cost of Sales

Our cost of sales consists primarily of (i) staff salaries and benefits relating to employee benefit expenses incurred for employees involved in operating our platform and offering our solutions to customers, (ii) content development costs primarily relating to content development fees paid to various content contributors, copyright owners and other third parties to produce contents for our solutions offering, (iii) meeting affair charge relating to offline academic conferences we organized and (iv) various other miscellaneous expenses such as, among others, office expenses and depreciation and amortization incurred during the ordinary course of our business. Our content development costs decreased from RMB63.0 million in 2020 to RMB54.9 million in 2021 primarily due to our enhanced capabilities in generating medical academic contents through our own employees. Our content development costs increased to RMB85.2 million in 2022 as we strategically decided to source more services and materials from content contributors, copyright owners and other third parties to meet the needs of our customers.

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of the total cost of sales, for the years indicated:

	For the year ended December 31					
	2020		2021		2022	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)					
Staff salaries and benefits	31,907	32.3	48,111	44.6	51,732	36.3
Content development costs	62,961	63.7	54,937	50.9	85,231	59.8
Meeting affair charge	1,785	1.8	3,199	3.0	4,703	3.3
Office expenses	354	0.4	193	0.2	88	0.1
Depreciation and amortization	118	0.1	139	0.1	127	0.1
Cost of goods	595	0.6	428	0.4	—	—
Others	1,102	1.1	914	0.8	748	0.5
Total	98,822	100.0	107,921	100.0	142,629	100.0

The following table sets forth a breakdown of our cost of sales by business line, in absolute amounts and as percentages of the total cost of sales, for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)					
Precision Omni-channel Marketing Solutions	67,787	68.6	65,988	61.1	83,970	58.9
Physician Platform Solutions	19,893	20.1	16,253	15.1	19,745	13.8
RWS Solutions	10,547	10.7	25,252	23.4	38,914	27.3
Others	595	0.6	428	0.4	—	—
Total	98,822	100.0	107,921	100.0	142,629	100.0

The cost of sales relating to precision omni-channel marketing solutions primarily consists of (i) staff salaries and benefits paid to employees developing customized academic medical contents for our customers, (ii) content development costs paid to various content contributors, copyright owners and other third parties to produce contents for our solutions offering, and (iii) meeting affair charges relating to organizing various offline academic conferences. The fluctuation of cost of sales relating to precision omni-channel marketing solutions was primarily driven by the fluctuation in content development costs associated with precision omni-channel marketing solutions. See "— Comparison of Results of Operations — Year Ended December 31, 2021 Compared to Year Ended December 31, 2022 — Cost of Sales — Precision Omni-channel Marketing Solutions" and "— Comparison of Results of Operations — Year Ended December 31, 2020 Compared to Year Ended December 31, 2021 — Cost of Sales — Precision Omni-channel Marketing Solutions" for details.

The cost of sales relating to physician platform solutions primarily consists of (i) staff salaries and benefits paid to employees who provide clinical study assistance to physicians and (ii) staff salaries and benefits paid to employees who produce contents and operate our *MedSci* platform.

The cost of sales relating to RWS solutions primarily consists of (i) staff salaries and benefits paid to employees who administer our RWS solutions, (ii) staff salaries and benefits paid to employees who develop and maintain our software programs for RWS solutions and (iii) content development costs.

The cost of sales relating to others primarily consists of costs of the medical products, rental fees for offline pharmacies and staff salaries and benefits paid to our employees.

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit by business line both in absolute amounts and as the percentage of respective revenue, or gross profit margin, for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)					
Gross Profit and Gross Profit Margin:						
Precision Omni-channel Marketing Solutions	62,821	48.1	118,082	64.2	114,538	57.7
Physician Platform Solutions	52,709	72.6	60,193	78.7	69,391	77.8
RWS Solutions	1,190	10.1	11,338	31.0	22,392	36.5
Others	312	34.4	197	31.5	—	—
Total	117,032	54.2	189,810	63.8	206,321	59.1

Our gross profit increased from RMB117.0 million in 2020 to RMB189.8 million in 2021 and further increased to RMB206.3 million in 2022 as a result of our business expansion that leads to strong revenue growth during the Track Record Period.

Gross profit margin for precision omni-channel marketing solutions increased from 48.1% in 2020 to 64.2% in 2021, primarily due to increased economies of scale. As more physicians join our *MedSci* platform and their engagement increases, our entire platform benefits from better data insights and stronger network effects, which allow for more accurate and more cost-efficient delivery of our solutions. This, in turn, attracts more pharmaceutical and medical device companies, further enabling us to deliver our precision omni-channel marketing solutions in a cost-effective manner. However, gross profit margin for precision omni-channel marketing solutions decreased to 57.7% in 2022, primarily because although pharmaceutical and medical device companies reduced their budgets on marketing in 2022 in the midst of the COVID-19 outbreak, they nonetheless demanded the same level and standard of services provided by us, which in turn reduce our gross profit margin. As temporary measures implemented due to COVID-19 became rigorous and comprehensive in 2022, especially in Shanghai, our customers encountered more difficulties in daily operations and, thus, controlled their budgets more carefully. In order to continue to attract new customers and retain existing customers in 2022, we offered more discounts for the same type of services provided, which ultimately resulted in lower amount of revenue with the same amount operating costs as compared to 2021. As a result of such discounts, the average budgeted gross profit margin of contracts for precision omni-channel marketing solutions entered into in 2022 decreased by approximately 5% as compared to contracts for precision omni-channel marketing solutions entered into in 2021.

Gross profit margin for physician platform solutions increased from 72.6% in 2020 to 78.7% in 2021, primarily due to greater efficiency resulting from implementation of the latest technology and optimized work structure and workflow. The introduction of advanced technologies such as AI and big data capabilities enabled us to identify the needs of physician users and provide targeted recommendations on academic medical contents and medical support tools that can address physicians' demands. Furthermore, such advanced technologies also allow us to serve an increasing number of customers without increasing our team size. As such, the overall operating efficiency improved as a result of the implementation of the latest technology. Moreover, our operating efficiency for clinical study assistance services also improved during the Track Record Period as a result of a more experienced and well-structured workforce. For instance, we restructured our team to simplify the work procedures, making it possible for our employee to focus their time on their area of expertise to efficiently execute clinical study assistance projects. Furthermore, the number of employees who achieved the degree of masters or above increased from 94 as of December 31, 2020 to 103 as of December 31, 2021. Gross profit margin for physician platform solutions decreased slightly to 77.8% in 2022, primarily because we introduced certain new premium contents to our *MedSci* platform in 2022 and offered discounts to attract user subscription, affecting our overall gross profit margin of physician platform solutions.

Gross profit margin for RWS solutions increased from 10.1% in 2020 to 31.0% in 2021, primarily due to the implementation of technology, the increased economic activities in China as a result of a decrease in COVID-19-related incidents in China, economies of scale as a result of our business expansion and better efficiency of our workforce. Gross profit margin for RWS solutions further increased to 36.5% in 2022, primarily due to the enhanced efficiency of our employees as a result of business expansion and experienced workforce.

Gross profit margin for others remained at a relatively stable level at 31.5% in 2021 as compared to 34.4% in 2020. Gross profit margin for others subsequently decreased to nil in 2022, primarily because we discontinued the sales of medical products in 2021.

Other Income and Gains

Our other income primarily consists of (i) bank interest income, (ii) tax incentives granted by local authorities, (iii) government grants, (iv) value-added tax and (v) others. We also recognized gains during the Track Record Period, which primarily includes (i) foreign exchange gains, (ii) fair value gains on financial assets through profit or loss and (iii) gain on disposal of subsidiaries.

The following table sets forth a breakdown of our other income and gains for the years indicated:

	For the year ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Other Income			
Bank interest income	1,469	4,845	10,379
Tax linked incentives by local authorities	1,667	1,624	1,918
Government grants	—	—	600
Value-added tax	266	521	744
Others	13	92	151
	3,415	7,082	13,792
Gains			
Fair value gain of financial assets at fair value through profit or loss	996	—	—
Gain on disposal of subsidiaries	—	836	—
	996	836	—
Total	4,411	7,918	13,792

Selling and Distribution Expenses

Our selling and distribution expenses consist primarily of (i) staff salaries and benefits mainly including expenses paid to employees performing selling and distribution functions, (ii) traveling expenses mainly including traveling fees incurred by our employees in performing selling and distribution functions, (iii) professional fees in relation to fees paid to external lecturers in hosting our online courses, (iv) business development expenses mainly including marketing-associated costs in relation to various online and offline campaigns and (v) other miscellaneous expenses, such as, office expenses and depreciation and amortization in relation to property, office equipment and electronic equipment in association with selling and distribution functions.

Our selling and distribution expenses increased significantly during the Track Record Period primarily due to an increase in staff salaries and benefits as we expanded our businesses. We expect our selling and distribution expenses to remain substantial in absolute amounts as we need to further expand our solution offerings and retain existing and attract new customers.

The following table sets forth a breakdown of our selling and distribution expenses both in absolute amounts and as percentages of the total selling and distribution expenses for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)					
Staff salaries and benefits	41,882	89.9	73,959	88.9	84,436	89.0
Professional fees	1,880	4.0	2,896	3.5	4,902	5.2
Traveling expenses	1,645	3.5	2,657	3.2	3,067	3.2
Office expenses	241	0.5	628	0.8	105	0.1
Depreciation and amortization	281	0.6	281	0.3	270	0.3
Business development expenses	651	1.4	2,581	3.1	1,821	1.9
Others	7	0.0	215	0.3	300	0.3
Total	46,587	100.0	83,217	100.0	94,901	100.0

Administrative Expenses

Our administrative expenses consist primarily of (i) staff salaries and benefits mainly including salaries and benefits paid to employees performing administrative functions, (ii) depreciation and amortization in relation to property, office equipment and electronic equipment in association with administrative functions, (iii) professional fees in relation to auditing fees, service fees paid for external training and service fees paid to employment agencies, (iv) office expenses in relation to administrative functions, (v) share-based payment in relation to the Equity Incentive Plan, (vi) [REDACTED] in relation to the [REDACTED] and (vii) other miscellaneous fees such as traveling expenses and utility expenses incurred during the ordinary course of our business when performing administrative functions.

The following table sets forth a breakdown of the components of our administrative expenses both in absolute amounts and as percentages of the total administrative expenses for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)					
Staff salaries and benefits	10,010	44.9	14,148	35.7	15,478	21.1
Share-based payment	—	0.0	8,151	20.6	6,267	8.5
Traveling expenses	357	1.5	307	0.7	489	0.7
Office expenses	865	3.9	1,161	2.9	1,632	2.2
Depreciation and amortization	6,430	28.8	7,591	19.2	7,279	9.9
Professional fees	2,115	9.5	2,745	6.9	3,125	4.3
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Utility expenses	1,008	4.5	1,691	4.3	1,092	1.5
Tax	1,061	4.8	1,551	3.9	1,257	1.7
Others	472	2.1	705	1.8	689	0.9
Total	22,318	100.0	39,619	100.0	73,392	100.0

Research and Development Expenses

Our research and development expenses primarily consist of (i) salaries and benefits for employees performing research and development functions, (ii) professional fees in relation to third-party software and technology required to build our platform infrastructure and (iii) other miscellaneous expenses such as, among others, traveling expenses, depreciation and amortization and office expenses incurred during the research and development process. Our research and development expenses reached RMB18.1 million, RMB24.4 million and RMB35.0 million, respectively, in 2020, 2021 and 2022.

Impairment Losses on Financial and Contract Assets

Impairment losses on financial and contract assets arise primarily from impairments of trade receivables, contract assets and other assets. In 2020, 2021 and 2022, we had impairment losses on financial and contract assets of RMB0.5 million, RMB6.5 million and RMB2.5 million, respectively. An impairment analysis is performed at the end of each of the Track Record Periods using a provision matrix to measure expected credit losses. The provision rates are based on aging and past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Track Record Periods about past events, current conditions and forecasts of future economic conditions.

Fair Value Losses on Convertible Redeemable Preferred Shares

Our fair value losses on convertible redeemable preferred shares arise primarily from the changes in the carrying amount of our convertible redeemable preferred shares in connection with the [REDACTED] Investments. Prior to the [REDACTED], such convertible redeemable preferred shares have not been traded in an active market and their value at each respective reporting period is determined using valuation techniques. Furthermore, the fair value losses on convertible redeemable preferred shares are negatively related to the value of our business. In 2021 and 2022, we had fair value losses on convertible redeemable preferred shares of RMB190.6 million and RMB109.4 million.

Other Expenses

Our other expenses primarily consist of bank charges, compensation and indemnities paid in relation to certain immaterial disputes relating to contents on our platform and exchange losses. See "Business — Legal Proceedings and Compliance" for details. We recorded other expenses of RMB0.4 million, RMB0.1 million and RMB0.9 million in 2020, 2021 and 2022, respectively.

Finance Costs

Our finance costs primarily represent interest on our lease liabilities. We recorded finance costs of RMB0.4 million, RMB0.3 million and RMB0.4 million in 2020, 2021 and 2022, respectively.

Income Tax (Expense)/Credit

We recorded income tax expense of RMB4.3 million, RMB4.0 million and RMB3.6 million in 2020, 2021 and 2022. As of the Latest Practicable Date, we did not have any material disputes with any tax authority.

We are subject to various rates of income tax under different jurisdictions. The following summarizes major factors affecting our applicable tax rates in the Cayman Islands, Hong Kong and the PRC.

Cayman Islands

We are incorporated in the Cayman Islands. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong's two-tiered profits tax regime, under which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million. During the Track Record Period, no Hong Kong profit tax on our subsidiary incorporated in Hong Kong has been provided because there was no assessable profits arising in Hong Kong during the Track Record Period.

PRC

Our subsidiaries incorporated in China are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws. Pursuant to the PRC Enterprise Income Tax Law, or the EIT Law, which became effective on January 1, 2008 and was last amended on December 29, 2018, a uniform 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. For example, enterprises qualified as "High and New Technology Enterprises" are entitled to a 15% enterprise income tax rate rather than the 25% uniform statutory tax rate. Further more, certain of our Group's subsidiaries enjoy the preferential income tax treatment for Small and Micro Enterprise with a preferential income tax rate of 20% from year 2020 to year 2022. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards.

Considering that, during the Track Record Period and up to the Latest Practicable Date, (i) we had made all the required tax filings and enterprise income tax payments with the relevant authorities in PRC, (ii) we were not subject to any tax audit, tax dispute or tax investigation, and (iii) we have obtained confirmation letters from the relevant tax authorities, which are the competent authorities to issue such confirmations as advised by our PRC Legal Adviser, confirming that the competent authority had not found that our PRC operating entities had any outstanding tax payments or had been imposed any penalty with respect to tax, our PRC Legal Adviser is not aware that any of our PRC operating entities have been penalized by the relevant authorities due to material violation of the relevant tax laws and regulations during the Track Record Period.

Profit/(loss) for the Year

As a result of the foregoing, our profit for the year amounted to RMB28.9 million, respectively, in 2020. We incurred a loss of RMB151.0 million in 2021 and a loss of RMB99.9 million in 2022.

COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our revenue increased by 17.2% from RMB297.7 million in 2021 to RMB349.0 million in 2022, primarily driven by the following factors:

- *Precision Omni-channel Marketing Solutions*. Revenue generated from our precision omni-channel marketing solutions increased by 7.8% from RMB184.1 million in 2021 to RMB198.5 million in 2022. The increase in revenue was primarily attributable to an increase in the number of customers we served from approximately 250 pharmaceutical and medical device companies in 2021 to approximately 350 pharmaceutical and medical device companies in 2022 and an increase in penetration of existing pharmaceutical and medical device companies by providing precision omni-channel marketing solutions for multiple medical products from the same customer.

- *Physician Platform Solutions*. Revenue generated from our physician platform solutions increased by 16.6% from RMB76.4 million in 2021 to RMB89.1 million in 2022. The increase in revenue was primarily attributable to the expansion of our clinical study assistance services through enhancing our *MedSci* platform to attract more physicians and drive up their activeness and interest in our solutions.

- *RWS Solutions*. Revenue generated from our RWS solutions increased by 67.5% from RMB36.6 million in 2021 to RMB61.3 million in 2022. The increase in revenue was primarily attributable to favorable governmental policies that resulted in an increase in the RWS solutions market, leading to an increase in customers we served. Volume-based procurement, together with other regulatory changes, pushed pharmaceutical and medical device companies to engage us in real-world evidence-based studies to generate academic medical contents to expand their medical products' recognition among physicians as well as help pharmaceutical and medical device companies expand their medical products' indications. The number of pharmaceutical and medical device companies that engaged us for RWS solutions increased from 37 in 2021 to 86 in 2022.

- *Others*. Revenue generated from others decreased from RMB0.6 million in 2021 to nil in 2022 due to the discontinuation of sales of medical products in 2021.

Cost of Sales

Our cost of sales increased by 32.2% from RMB107.9 million in 2021 to RMB142.6 million in 2022, primarily driven by the following factors:

- *Precision Omni-channel Marketing Solutions*. Cost of sales related to precision omni-channel marketing solutions increased by 27.3% from RMB66.0 million in 2021 to RMB84.0 million in 2022. The increase in cost of sales was primarily attributable to an increase in content development costs in 2022 as compared to in 2021 as we sourced more services and materials from content contributors, copyright owners and other third parties to meet the needs of our customers.

- *Physician Platform Solutions*. Cost of sales related to physician platform solutions increased by 21.5% from RMB16.3 million in 2021 to RMB19.7 million in 2022. The increase in cost of sales was generally in line with revenue growth and was also attributable to an increase in content development costs in 2022 as compared to in 2021 as we source more services and materials from content contributors, copyright owners and other third parties to meet the needs of our customers.

- *RWS Solutions*. Cost of sales related to RWS solutions increased by 54.1% from RMB25.3 million in 2021 to RMB38.9 million in 2022. The increase in cost of sales was primarily attributable to our business expansion that resulted in higher revenue generated and costs incurred.

- *Others*. Cost of sales related to others decreased from RMB0.4 million in 2021 to nil in 2022.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 8.7% from RMB189.8 million in 2021 to RMB206.3 million in 2022. Our gross profit margin decreased from 63.8% in 2021 to 59.1% in 2022, primarily driven by the following factors:

- *Precision Omni-channel Marketing Solutions*. Gross profit for our precision omni-channel marketing solutions decreased by 3.0% from RMB118.1 million in 2021 to RMB114.5 million in 2022. Our gross profit margin for precision omni-channel marketing solutions decreased from 64.2% in 2021 to 57.7% in 2022, primarily because although pharmaceutical and medical device companies reduced their budgets on marketing in the midst of the COVID-19 outbreak, they nonetheless demanded the same level and standard of services provided by us, which in turn reduce our gross profit and gross profit margin. As temporary measures implemented due to COVID-19 became rigorous and comprehensive in 2022, especially in Shanghai, our customers encountered more difficulties in daily operations and, thus, controlled their budgets more carefully. In order to continue to attract new customers and retain existing customers in 2022, we offered more discounts for the same type of services provided, which ultimately resulted in lower amount of revenue with the same amount operating costs as compared to 2021. As a result of such discounts, the average budgeted gross profit margin of contracts for precision omni-channel marketing solutions entered into in 2022 decreased by approximately 5% as compared to contracts for precision omni-channel marketing solutions entered into in 2021.

- *Physician Platform Solutions*. Gross profit for our physician platform solutions increased by 15.3% from RMB60.2 million in 2021 to RMB69.4 million in 2022 in line with revenue growth. Our gross profit margin for physician platform solutions decreased slightly from 78.7% in 2021 to 77.8% in 2022, primarily because we introduced certain new premium contents to our *MedSci* platform in 2022 and offered discounts to attract user subscription, affecting our overall gross profit margin of physician platform solutions.

- *RWS Solutions*. Gross profit for our RWS solutions increased by 97.5% from RMB11.3 million in 2021 to RMB22.4 million in 2022. Our gross profit margin for RWS solutions increased from 31.0% in 2021 to 36.5% in 2022, primarily due to the enhanced efficiency of our employees as a result of business expansion and a more experienced workforce.

- *Others*. Gross profit for others decreased from RMB0.2 million in 2021 to nil in 2022 as we discontinued the sales of medical products in 2021.

Other Income and Gains

Our other income and gains increased by 74.2% from RMB7.9 million in 2021 to RMB13.8 million in 2022, primarily due to (i) an increase in bank interest income from RMB4.8 million in 2021 to RMB10.4 million in 2022 due to an increase in bank deposits from cash generated from our ordinary course of business as well as cash from our settlement of series C financing in 2021 and (ii) an increase in government grants from nil in 2021 to RMB0.6 million in 2022 due to government grants for operation within Shanghai to reward business performance and support operational development of enterprises in that area. There are no unfulfilled conditions or contingencies relating to these grants.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 14.0% from RMB83.2 million in 2021 to RMB94.9 million in 2022. The increase was primarily due to (i) an increase in staff salaries and benefits from RMB74.0 million in 2021 to RMB84.4 million in 2022 primarily resulting from an increase in the number of employees responsible for selling and distribution in 2022 as compared to 2021 and (ii) an increase in professional fees from RMB2.9 million in 2021 to RMB4.9 million in 2022 resulting from the engagement of third parties providing marketing related services and advice on launching the *Selected Curriculum* in the second half of 2021, resulting in higher professional fees paid in 2022 as compared to 2021.

Administrative Expenses

Our administrative expenses increased by 85.2% from RMB39.6 million in 2021 to RMB73.4 million in 2022. The increase was primarily due to (i) an increase in [REDACTED] in connection with the [REDACTED] from RMB1.6 million in 2021 to RMB36.1 million in 2022 and (ii) an increase in staff salaries and benefits from RMB14.1 million in 2021 to RMB15.5 million in 2022 primarily resulting from an increase in the number of employees performing general and administrative functions.

Research and Development Expenses

Our research and development expenses increased by 43.4% from RMB24.4 million in 2021 to RMB35.0 million in 2022. The increase was resulted from a substantial increase in professional fees paid to third parties for providing research and development related services and advice on *Selected Curriculum* launched in the second half of 2021.

Impairment Losses on Financial and Contract Assets

Our impairment losses on financial and contract assets decreased by 61.0% from RMB6.5 million in 2021 to RMB2.5 million in 2022, primarily due to a decrease in expected credit loss rates on our trade receivables and contract assets. See "— Discussion of Certain Key Balance Sheet Items — Contract Assets" for more details.

Fair Value Losses on Convertible Redeemable Preferred Shares

We recorded fair value losses on convertible redeemable preferred shares of RMB109.4 million in 2022 as a result of valuation.

Other Expenses

Our other expenses increased significantly from RMB0.1 million in 2021 to RMB0.9 million in 2022, primarily due to losses recorded resulting from exchange rate fluctuation in 2022.

Finance Costs

Our finance costs increased by 31.7% from RMB0.3 million in 2021 to RMB0.4 million in 2022, primarily due to an increase in interest on lease liabilities resulting from the increase in renewal rents for certain properties we leased in the second half of 2021 and in 2022.

Profit/(Loss) before Tax

As a result of the foregoing, we recorded profit before tax of RMB147.1 million and loss before tax of RMB96.3 million in 2021 and 2022, respectively.

Income Tax (Expense)/Credit

Our income tax expense decreased from RMB4.0 million in 2021 to RMB3.6 million in 2022, primarily due to the increase in deductibles as a result of our increase in research and development expenses.

Profit/(Loss) for the Year

As a result of the foregoing, we recorded loss of RMB151.0 million and RMB99.9 million in 2021 and 2022, respectively.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenue

Our revenue increased by 37.9% from RMB215.9 million in 2020 to RMB297.7 million in 2021, primarily driven by the following factors:

- *Precision Omni-channel Marketing Solutions*. Revenue generated from our precision omni-channel marketing solutions increased by 40.9% from RMB130.6 million in 2020 to RMB184.1 million in 2021. The increase in revenue was primarily attributable to an increase in the number of customers we served from approximately 200 pharmaceutical and medical device companies in 2020 to approximately 250 pharmaceutical and medical device companies in 2021 and an increase in penetration of existing pharmaceutical and medical device companies by providing precision omni-channel marketing solutions for multiple medical products from the same customer.

- *Physician Platform Solutions*. Revenue generated from our physician platform solutions increased by 5.3% from RMB72.6 million in 2020 to RMB76.4 million in 2021, primarily attributable to the expansion of our clinical study assistance services and the initiation of our subscription service model for certain premium contents on our *MedSci* platform in 2021.

- *RWS Solutions*. Revenue generated from our RWS solutions increased significantly by 211.7% from RMB11.7 million in 2020 to RMB36.6 million in 2021. The increase in revenue was primarily attributable to favorable governmental policies that resulted in an increase in the RWS solutions market, leading to an increase in customers we served. Volume-based procurement, together with other regulatory changes, pushed pharmaceutical and medical device companies to engage us in real-world evidence-based studies to generate academic medical contents to expand their medical products' recognition among physicians as well as helping them expand their medical products' indications. The number of pharmaceutical and medical device companies that engaged us for RWS solutions increased from 10 in 2020 to 37 in 2021.

- *Others*. Revenue generated from others decreased by 31.1% from RMB0.9 million in 2020 to RMB0.6 million in 2021. The decrease in others was primarily attributable to discontinuation of sales of medical products in 2021.

Cost of Sales

Our cost of sales increased by 9.2% from RMB98.8 million in 2020 to RMB107.9 million in 2021. The increase in cost of sales is primarily driven by the following factors:

- *Precision Omni-channel Marketing Solutions*. Cost of sales related to precision omni-channel marketing solutions decreased by 2.7% from RMB67.8 million in 2020 to RMB66.0 million in 2021. The decrease in cost of sales was primarily attributable to an increase in operating efficiency resulting from a more skilled workforce and a decrease in content development costs paid to content producers resulting from our enhanced capabilities in generating medical academic contents through our own employees.

- *Physician Platform Solutions*. Cost of sales related to physician platform solutions decreased by 18.3% from RMB19.9 million in 2020 to RMB16.3 million in 2021. The decrease in cost of sales was primarily attributable to an increase in operating efficiency resulting from implementation of technology that allowed us to operate with a more streamlined team structure and a more skilled workforce as well as a decrease in content development costs paid to content producers resulting from our enhanced capabilities in generating medical academic contents on our *MedSci* platform through our own employees.

- *RWS Solutions*. Cost of sales related to RWS solutions increased significantly by 139.4% from RMB10.5 million in 2020 to RMB25.3 million in 2021. The significant increase in cost of sales was primarily attributable to our business expansion that resulted in higher costs incurred, such as, increases in staff salaries and benefits paid to employees and content development costs paid to content producers.

- *Others*. Cost of sales related to others decreased by 28.1% from RMB0.6 million in 2020 to RMB0.4 million in 2021.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 62.2% from RMB117.0 million in 2020 to RMB189.8 million in 2021. Our gross profit margin increased from 54.2% in 2020 to 63.8% in 2021, primarily because of the margin expansion of all of our major business lines.

- *Precision Omni-channel Marketing Solutions*. Gross profit for our precision omni-channel marketing solutions increased by 88.0% from RMB62.8 million in 2020 to RMB118.1 million in 2021. Our gross profit margin for precision omni-channel marketing solutions increased from 48.1% in 2020 to 64.2% in 2021, primarily due to economies of scale and a more skilled workforce that resulted in higher efficiency as well as a higher level of engagement among registered users that attracted more pharmaceutical and medical device companies. For instance, the number of employees who achieved the degree of masters or above increased from 94 as of December 31, 2020 to 103 as of December 31, 2021.

- *Physician Platform Solutions*. Gross profit for our physician platform solutions increased by 14.2% from RMB52.7 million in 2020 to RMB60.2 million in 2021. Our gross profit margin for physician platform solutions increased from 72.6% in 2020 to 78.7% in 2021, primarily due to economies of scale and positive network effect resulting from the growing number of registered physician users on our *MedSci* platform as we continue to provide useful and targeted contents and tools addressing their needs. Furthermore, the implementation of latest technology, such as AI algorithm and big data capabilities, also allowed us to operate our business with a more streamlined team structure.

- *RWS Solutions*. Gross profit for our RWS solutions increased by 852.8% from RMB1.2 million in 2020 to RMB11.3 million in 2021. Our gross profit margin for RWS solutions increased from 10.1% in 2020 to 31.0% in 2021, primarily due to the implementation of technology such as, optical character recognition, and clinical study assistance products, such as, ePro, that improves our operating efficiency in delivering RWS solutions as well as the increased economic activities in China as a result of a decrease in COVID-19-related incidents in China, economies of scale as a result of our business expansion and better efficiency of our workforce.

- *Others*. Gross profit for others decreased from RMB0.3 million in 2020 to RMB0.2 million in 2021, primarily attributable to the discontinuation of sales of medical products in 2021.

Other Income and Gains

Our other income and gains increased by 79.5% from RMB4.4 million in 2020 to RMB7.9 million in 2021, primarily due to (i) an increase in bank interest income from RMB1.5 million in 2020 to RMB4.8 million in 2021 resulting from an increase in bank deposits from cash generated from our ordinary course of business as well as cash from our settlement of series C financing in 2021 and (ii) an increase in gain on disposal of subsidiaries in the amount of RMB0.8 million in 2021 as we disposed of certain of our subsidiaries, partially offset by a decrease in fair value gain of financial assets at fair value through profit or loss as we disposed of our wealth management products in 2020.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 78.6% from RMB46.6 million in 2020 to RMB83.2 million in 2021. The increase was primarily due to (i) an increase in staff salaries and benefits from RMB41.9 million in 2020 to RMB74.0 million in 2021 primarily resulting from an increase in the number of employees responsible for selling and distribution; (ii) an increase in business development expenses from RMB0.7 million in 2020 to RMB2.6 million in 2021 resulting from the hosting of various marketing activities; and (iii) an increase in professional fees from RMB1.9 million in 2020 to RMB2.9 million in 2021 resulting from technology service fees paid to professionals to enhance growth and engagement of our users and content contributors.

Administrative Expenses

Our administrative expenses increased by 77.5% from RMB22.3 million in 2020 to RMB39.6 million in 2021. The increase was primarily due to (i) an increase in staff salaries and benefits from RMB10.0 million in 2020 to RMB14.1 million in 2021 primarily resulting from an increase in the number of employees performing general and administrative functions, (ii) an increase in share-based payment in 2021 resulting from the Equity Incentive Plan, (iii) an increase in [REDACTED] of RMB1.6 million in connection with the [REDACTED] and (iv) an increase in depreciation and amortization in association with property, plant and equipment performing administrative functions.

Research and Development Expenses

Our research and development expenses increased by 35.0% from RMB18.1 million in 2020 to RMB24.4 million in 2021, primarily attributable to an increase in staff and salaries costs relating to employees performing research and development functions.

Impairment Losses on Financial and Contract Assets

Our impairment losses on financial and contract assets increased significantly by 1,182.8% from RMB0.5 million in 2020 to RMB6.5 million in 2021, primarily due to an impairment resulting from the fact that the aging of certain contract assets reached two years in 2021 and we recognized the full amount of such contract assets as allowance for expected credit losses on contract asset as a result of our prudent financial policy. See "Discussion of Certain Key Balance Sheet Items — Contract Assets" for more details.

Fair Value Losses on Convertible Redeemable Preferred Shares

We recorded fair value losses on convertible redeemable preferred shares of RMB190.6 million in 2021 as a result of valuation.

Other Expenses

Our other expenses decreased by 63.0% from RMB0.4 million in 2020 to RMB0.1 million in 2021, primarily because, unlike 2020, we did not incur compensation and liquidated damages in 2021. See "Business — Legal Proceedings and Compliance" for details on compensation and liquidated damages paid with respect to disputes over contents on our *MedSci* platform.

Finance Costs

Our finance costs decreased from RMB0.4 million in 2020 to RMB0.3 million in 2021, primarily due to a decrease in lease interest as we paid our rents for properties we leased.

Profit/(Loss) before Tax

As a result of the foregoing, we recorded profit before tax of RMB33.2 million in 2020 and a loss before tax of RMB147.1 million in 2021.

Income Tax (Expense)/Credit

Our income tax expense decreased from RMB4.3 million in 2020 to RMB4.0 million in 2021, primarily due to the increase in deductibles as a result of our increase in research and development expenses.

Profit/(Loss) for the Year

As a result of the foregoing, we recorded profit of RMB28.9 million in 2020 and loss of RMB151.0 million in 2021.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this Document:

	As of December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Total non-current assets	28,218	23,818	31,661
Total current assets	322,722	685,395	714,854
Total assets	350,940	709,213	746,515
Total non-current liabilities	2,910	603,663	724,975
Total current liabilities	151,318	172,765	163,804
Total liabilities	154,228	776,428	888,779
Net assets/(liabilities)	196,712	(67,215)	(142,264)
Share capital	—	5	5
Treasury shares	—	—*	—*
Convertible preferred shares	—	53,417	53,417
Reserves	196,712	(120,637)	(195,686)
Total Equity/(deficiency in assets)	196,712	(67,215)	(142,264)

Note:

* Amount less than RMB1,000.

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of February 28,
	2020	2021	2022	2023
				(unaudited)
	(RMB in thousands)			
Current assets				
Trade receivables	17,537	29,693	37,720	30,257
Contract assets	22,088	50,942	64,927	82,002
Due from related parties	250	250	250	250
Prepayments, deposits and other receivables	5,875	8,508	12,691	12,505
Cash and bank balances	276,972	596,002	599,266	590,109
Total current assets	322,722	685,395	714,854	715,123
Current liabilities				
Trade payables	2,388	1,587	1,967	1,835
Other payables and accruals	142,277	159,756	154,148	151,753
Tax payable	300	8,018	2,163	2,361
Lease liabilities	6,353	3,404	5,526	5,036
Total current liabilities	151,318	172,765	163,804	160,985
Net current assets	171,404	512,630	551,050	554,138

We recorded net current assets of RMB554.1 million as of February 28, 2023, being the latest practicable date for our indebtedness statement, as compared to net current assets of RMB551.1 million as of December 31, 2022, primarily due to (i) an increase in contract assets of RMB17.1 million resulting from our business expansions and (ii) a decrease in other payables and accruals of RMB2.4 million resulting from a decrease in payables to employees due to payment of annual bonuses to our employees in the beginning of 2023, partially offset by (i) a decrease in cash and bank balances of RMB9.2 million resulting from our use of cash during operations and (ii) a decrease in trade receivables of RMB7.5 million as our customers settled some of our trade receivables in the beginning of 2023.

We recorded net current assets of RMB551.1 million as of December 31, 2022, as compared to net current assets of RMB512.6 million as of December 31, 2021, primarily due to (i) an increase in contract assets of RMB14.0 million resulting from our business expansion, (ii) an increase in trade receivables of RMB8.0 million resulting from our business expansion, (iii) a decrease in tax payable of RMB5.9 million resulting from prepayment of tax in 2022 and a decrease in taxable income, (iv) a decrease in other payables and accruals of RMB5.6 million resulting from a decrease in contract liabilities and payable to employees and (v) an increase in current prepayments, deposits and other receivables of RMB4.2 million resulting from an increase in the capitalized portion of incurred [REDACTED] as well as an increase in prepayments to suppliers as we expanded our business. The increase was partially offset by an increase in current portion of lease liabilities of RMB2.1 million resulting from renewal of a number of leases in 2022.

We recorded net current assets of RMB512.6 million as of December 31, 2021, as compared to net current assets of RMB171.4 million as of December 31, 2020, primarily due to (i) an increase in cash and bank balances of RMB319.0 million primarily resulting from the settlement of our series C financing in 2021 and cash generated from our ordinary course of business and (ii) an increase in contract assets of RMB28.9 million and an increase in trade receivables of RMB12.2 million resulting from our business expansion that led to more trade receivables and contract assets from our customers.

Trade Receivables

Trade receivables represent outstanding amounts due from our customers for services that we provided in the ordinary course of business. A trade receivable is recorded when we have an unconditional right to consideration. Our trade receivables mainly arise from precision omni-channel marketing solutions and RWS solutions. Our trade receivables are generally due for settlement within six months and therefore are all classified as current assets. The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Trade receivables	17,920	30,749	38,936
Impairment	(383)	(1,056)	(1,216)
Total	17,537	29,693	37,720

Our trade receivables amounted to RMB17.5 million, RMB29.7 million and RMB37.7 million as of December 31, 2020, 2021 and 2022, respectively. The increase in our trade receivables from RMB17.5 million as of December 31, 2020 to RMB37.7 million as of December 31, 2022 was primarily attributable to the growth of our business, especially the growth of our precision omni-channel marketing solutions and RWS solutions. Impairment of trade receivables increased from RMB0.4 million as of December 31, 2020 to RMB1.2 million as of December 31, 2022, primarily attributable to the increase in trade receivables and the management's assessment of credit risk exposure at the end of each Track Record Period.

The following table sets forth the turnover days of our trade receivables as well as trade receivables and contract assets for the years indicated:

	For the year ended December 31,		
	2020	**2021**	**2022**
Trade receivables turnover days[1]	29	30	35
Trade receivables and contract assets turnover days[2]	57	74	96

Note:

(1) Trade receivables turnover days are based on the average balance of trade receivables divided by total revenue for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the years ended December 31 is 365 days.

(2) Trade receivables and contract assets turnover days for a period are calculated using the average of open balance and closing balance of the trade receivables and contract assets for such period divided by revenue for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the years ended December 31 is 365 days.

Our trade receivables turnover days were 29 days, 30 days and 35 days in 2020, 2021 and 2022, respectively. The increase in trade receivables turnover days from 25 days to 29 days was primarily attributable to the increase in our revenue. It remained stable at 30 days in 2021 as compared to 2020 primarily due to our enhanced trade receivables collection measures as our revenue grew. Our trade receivables turnover days increased to 35 days in 2022 as compared to 30 days 2021. The increase was mainly due to temporary measures implemented due to COVID-19 across different cities in China which had the effect of extending the settlement cycle for certain of our customers. We generally granted a credit term ranging from 60 to 180 days to our customers and most of our customers settle their payments within the credit term.

Our trade receivables and contract assets turnover days amounted to 57 days, 74 days and 96 days in 2020, 2021 and 2022, respectively. The increase from 57 days in 2020 to 74 days in 2021 and further to 96 days in 2022 was attributable to the increase in average project life cycles of our solutions offerings. See "— Contract Assets" for details on quantitative analysis on the increase in project life cycles.

The following table sets forth an aging analysis of our trade receivables, based on the invoice dates, as of the dates indicated:

	As of December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Within six months	15,279	25,205	32,027
Over six months and within one year	1,724	3,886	4,778
One to two years	512	546	881
Two to three years	22	56	34
Total	17,537	29,693	37,720

The following table sets forth an aging analysis of collection status of our trade receivables as of the dates indicated:

	Trade Receivables as of December 31, 2022	**Trade Receivables Collected as of February 28, 2023**	
	(RMB in thousands, expect percentages)		
Within six months	32,027	17,291	54.0%
Over six months and within one year	4,778	4,336	90.7%
One to two years	881	435	49.4%
Over two years	34	—	0.0%
Total	37,720	22,062	58.5%

As of February 28, 2023, RMB22.1 million, or 58.5% of our trade receivables outstanding as of December 31, 2022 had been subsequently collected.

The expected credit loss rate of trade receivables amounted to 2.1%, 3.4% and 3.1% as of December 31, 2020, 2021 and 2022, respectively. The increase in expected credit loss rates in trade receivables from 2020 to 2021 is the result of the mechanism of the vintage-based model, which, in turn, is driven by (i) the increase in the amount of trade receivables past due as a result of COVID-19 and (ii) the increase in settlement cycle for certain of our new customers. See "— Contract Assets" for details on the mechanics of the vintage-based model. Furthermore, the decrease from 3.4% as of December 31, 2021 to 3.1% as of December 31, 2022 was also driven by our rigorous credit management policy and enhanced collection efforts in trade receivables leading to a decrease in the expected credit loss rate of trade receivables.

Our Directors are of the view that there is no material recoverability issue for our contract assets and the trade receivables arising from subsequent billing. Throughout the Track Record Period and based on our previous experience with collection of trade receivables, we have not experienced material recoverability issues. See "— Contract Assets" for additional analysis on the recoverability of contract assets and the trade receivables arising from subsequent billings during the Track Record Period. Having considered that (i) the trade receivables balances were mainly due from customers with ongoing business relationships with us, (ii) there were no material ongoing disputes with such customers, (iii) these customers had been making continuous subsequent repayment to us and their historical repayment pattern was generally consistent during the Track Record Period, (iv) the lift of temporary measures implemented in various difference cities in China due to COVID-19 and the end of "zero-COVID" policies across China allowed us to timely issue invoices and collect trade receivables, and (v) we have continuously carried out stringent credit management policy and increased effort in trade receivables collection, our Directors are of the view that there is no material recoverability issue for our trade receivables.

In addition, we have recorded expected credit loss allowances for our trade receivables during the Track Record Period by applying a provision matrix to measure expected credit losses in accordance with applicable accounting principles. The provision rates for past due balances are estimated taking into consideration of the aging analysis of trade receivables based on invoice dates. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each year of the Track Record Period about past events, current conditions and forecasts of future economic conditions. Therefore, our Directors are of the view that sufficient provision had been made for our trade receivables during the Track Record Period in accordance with applicable accounting principles. See Note 17 to the Accountants' Report included in Appendix I to this Document for details of vintage-based model and impairment analysis performed.

Contract Assets

Our contract assets represent our right to consideration in exchange for goods or services transferred to the customer before the issuance of bills and payment of such consideration by customers. The following table sets forth a breakdown of our contract assets by solution category as of the dates indicated:

	As of December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Contract assets arising from:			
Precision Omni-channel Marketing Solutions	19,079	40,025	42,120
RWS Solutions	3,491	17,149	30,668
	22,570	57,174	72,788
Impairment	(482)	(6,232)	(7,861)
Total, Net	22,088	50,942	64,927

Contract assets are initially recognized in relation to revenue earned from the provision of precision omni-channel marketing solutions and RWS solutions as the receipt of consideration is conditional on the successful completion of customized milestones in the contractual arrangements. Upon the issuance of invoices of services according to the contractual arrangements, the amounts recognized as contract assets are reclassified to trade receivables. For precision omni-channel marketing solutions, we usually set tighter payment terms for new customers as compared to regular customers, such as down payment before initiating the projects. Our net contract assets increased from RMB22.1 million as of December 31, 2020 to RMB50.9 million as of December 31, 2021 as a result of business expansion that led to an increase in contract assets. Specifically, the increase in contract assets is mainly attributable to the significant increase in the sales of precision omni-channel marketing solutions and RWS solutions during the Track Record Period. Normally the contractual period in almost all of our contracts will be within two years and with two to seven customized and highly tailored milestone events to bill the customers according to the contractual terms. Our net contract assets further increased to RMB64.9 million as of December 31, 2022 as a result of our business expansion as well as temporary measures implemented due to COVID-19 across different cities in China which affected our ability to timely issue invoices to our customers. As such, our gross contract assets increased substantially from RMB22.6 million as of December 31, 2020 to RMB57.2 million as of December 31, 2021 and further to RMB72.8 million as of December 31, 2022.

Contract assets are subject to impairment assessment. An impairment analysis is performed at the end of each year of the Track Record Period using a provision matrix to measure expected credit losses. The provision matrix is based on a vintage-based model on days past due of trade receivables and status of underlying projects related to the contract assets for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Track Record Period about past events, current conditions and forecasts of future economic conditions. Under the vintage-based model, when the proportion of contract assets with longer ages increased as compared to the contract assets with shorter ages in the previous year, the model considers the probability that contract assets with shorter ages would carry forward to the contract assets with longer ages in the following year would increase, enlarging the expected credit loss rates. The impairment for contract assets increased significantly from RMB0.5 million as of December 31, 2020 to RMB6.2 million as of December 31, 2021, mainly because of (i) the increase in the overall contract assets balance and (ii) the aging of contract assets from an online platform serving primarily physicians and patients on medical training, treatment and pharmacy management which reached two years in 2021 and we recognized the full amount of such contract assets as allowance for expected credit losses on contract assets as a result of our prudent financial policy. With respect to works performed for such customer, we completed part of the project in 2019 in accordance with the contractual arrangements and recognized approximately RMB950,000 as revenue in 2019 out of the total contract value of approximately RMB3.0 million. We believe the revenue recognized fairly represents our work progress due to our internal policies and standard procedures on revenue recognition. We have adopted internal control policies to ensure the accuracy of the representation of our project work progress, which would then be used as the basis of recording contract assets, including regular internal inspection on the actual cost, estimated budgets and invoice issuances of all ongoing projects. For details, see "— Critical Accounting Policies and Estimates — Revenue Recognition". We recorded an expected credit loss rate of 14.7% in 2020, based on our internal financial policy. Starting in 2020, the customer intended to terminate the project as the original sponsor of the RWS project did not settle its payment obligations owed to our customer. The project was officially terminated in 2021. We had been in discussions with the customer on the settlement arrangement for our fees since project termination and intended to issue invoices after the confirmation of the settlement arrangement. In December 2022, we received RMB200,000 in settlement from such customer. As two years had passed since the completion of the early phase of the project as of December 31, 2021 and the project had been actually terminated during 2021, we recognized the full amount of contract assets as impairment as of December 31, 2021. All contract assets aged over two years were from such customer with respect to the same project. Furthermore, the aging and eventual full provision of such contract assets also significantly increased the overall expected credit loss rates and the expected credit loss rates for contract assets of all age groups as of December 31, 2021. The subsequent increase of impairment for contract assets to RMB7.9 million as of December 31, 2022 was primarily attributable to the increase in the overall contract assets balance.

Although our contract assets represent our right to consideration in exchange for the goods or services we offered, contract assets are not equivalent to a right to payment. The aging of contract assets results from the timing difference between our project completion status and the timing of issuance of our invoice and we typically issue invoices to our customers based on relevant settlement terms or milestones detailed in payment schedules in each contract. During the Track Record Period, a majority of our projects triggered a settlement term within one year from the date of the contract based on the contractual arrangements and almost all of our contracts triggered a settlement term based on the contractual arrangements within two years from the date of the contract. As such, when determining the amount of impairment for contract assets, we take our historical settlement terms in our contractual arrangements into account and consider any contract assets aged over two years as atypical. As such, we are of the view that any contract assets aged over two years have relatively high uncertainty as to whether we are able to issue invoices and receive settlement of payments in full. Therefore, based on our prudent financial policy, we recognized the full amount of contract assets aged over two years as impairment.

The following table sets forth an aging analysis of our contract assets and the respective expected credit loss recognized as of the dates indicated:

	As of December 31, 2020			
	Contract Assets	Expected Credit Loss	Expected Credit Loss Rate	Contract Assets, Net
	(RMB in thousands, expect percentages)			
Within one year	21,307	296	1.4%	21,011
One to two years	1,263	186	14.7%	1,077
Total	**22,570**	**482**	**2.1%**	**22,088**

	As of December 31, 2021			
	Contract Assets	Expected Credit Loss	Expected Credit Loss Rate	Contract Assets, Net
	(RMB in thousands, expect percentages)			
Within one year	52,730	3,514	6.7%	49,216
One to two years	3,494	1,768	50.6%	1,726
Over two years	950	950	100.0%	—
Total	**57,174**	**6,232**	**10.9%**	**50,942**

	As of December 31, 2022			
	Contract Assets	Expected Credit Loss	Expected Credit Loss Rate	Contract Assets, Net
	(RMB in thousands, expect percentages)			
Within one year	61,467	3,870	6.3%	57,597
One to two years	11,321	3,991	35.3%	7,330
Total	**72,788**	**7,861**	**10.8%**	**64,927**

The expected credit loss rates of our contract assets increased significantly from 2.1% as of December 31, 2020 to 10.9% as of December 31, 2021, and remained relatively stable at 10.8% as of December 31, 2022, primarily as a result of (i) an increase of contract assets aged over two years from an online platform serving primarily physicians and patients on medical training, treatment and pharmacy management as detailed above; (ii) an increase of contract assets aged one to two years as we started to provide more comprehensive and longer-term solution offerings to our customers and the average contract amounts increased accordingly; and (iii) the mechanics of the vintage-based model that leads to higher expected credit loss rates for contract assets of all age groups. With respect to (ii) above, for instance, our precision omni-channel marketing solutions evolved from providing isolated precision detailing services and medical content creation services into an integrated solution that focuses on commercialization of the underlying medical products. Such an integrated solution was more comprehensive as compared to the previous isolated services and typically entailed longer project life cycles and invoice cycles, resulting in an increase of contract assets aged one to two years. Our RWS solutions also developed from clinical evidence generation oriented assistance into full life cycle comprehensive services that cover protocol design, data collection and assessment, project operation, statistical analysis and publication support. As a result of the above, the average contract amount of precision omni-channel marketing solutions was approximately RMB92,000, RMB155,000 and RMB166,000 in 2020 and 2021 and 2022, respectively, and the average contract amount of RWS solutions was approximately RMB84,000, RMB354,000 and RMB1,001,000 in 2020, 2021 and 2022, respectively. As we enhance our service capacities, we have received wide customer recognitions and are able to provide comprehensive solutions for the entire precision omni-channel marketing project or RWS project, rather than undertaking isolated or piecemeal service from a comprehensive project, leading to a substantial increase in contract amount in 2022. The average life cycles of precision omni-channel marketing solutions amounted to eight, seven and nine months in 2020, 2021 and 2022, respectively, and the average life cycle of RWS solutions amounted to eight, 13 and 23 months in 2020, 2021 and 2022, respectively. We do not believe the change in average project life cycle had a material adverse impact on our cash funding needs as we recorded positive cash flows from operating activities in 2020 and 2021. With respect to (iii) above, as the proportion of contract assets with longer ages increased as compared to the contract assets with shorter ages in the previous year, the vintage-based model considers the probability that contract assets with shorter ages would carry forward to the contract assets with longer ages in the following year increased, enlarging the expected credit loss rates.

Nonetheless, despite the increase in expected credit loss rates, the recoverability of the contract assets and the trade receivables arising from subsequent billings did not deteriorate materially during the Track Record Period. For instance, all contract assets aged over two years were from one project for one customer, namely, the online platform serving primarily physicians and patients on medical training, treatment and pharmacy management as detailed above. Meanwhile, the percentage of trade receivables past due constituted 42.6%, 32.9% and 30.0% of total trade receivables as of December 31, 2020, 2021 and 2022, respectively. The decrease from 42.6% to 32.9% and further to 30.0% further confirms that the recoverability of our contract assets and trade receivables did not deteriorate from year 2020 to year 2022.

The following table sets forth an aging analysis of settlement status of our gross contract assets as of the dates indicated:

	Contract Assets as of December 31, 2022	Contract Assets Reclassified as Trade Receivables as of February 28, 2023	
	(RMB in thousands, expect percentages)		
Within one year	61,467	10,049	16.3%
One to two years	11,321	1,200	10.6%
Total	**72,788**	**11,249**	**15.5%**

As of February 28, 2023, RMB11.2 million, or 15.5% of our gross contract assets outstanding as of December 31, 2022 had been reclassified as trade receivables. As of the same date, RMB2.5 million, or 3.5% of our gross contract assets outstanding as of December 31, 2022 had been subsequently collected.

We believe that there is no material recoverability issue for contract assets considering that as of the Latest Practicable Date, there were no material ongoing late payment issues with any of the customers against whom we recorded contract assets and the settlement terms with such customers were generally in line with our historical practice. The relatively low subsequent reclassification to trade receivables aged between one to two years was primarily because the projects in question had not reached their respective settlement milestones as of February 28, 2023, such that we cannot issue invoices. We expect to and will issue invoices upon achieving the respective settlement milestones.

The following table sets forth the settlement status of our gross contract assets by business line as of the dates indicated:

	As of December 31, 2022	As of February 28, 2023	
	Contract Assets	Reclassified as Trade Receivables	Payment Settled for Trade Receivables
	(RMB in thousands)		
Precision Omni-Channel Marketing Solutions	42,120	9,174	1,290
RWS Solutions	30,668	2,075	1,248
Total	**72,788**	**11,249**	**2,538**

There were no contract assets with respect to physician platform solutions as of December 31, 2022 primarily because our physician customers typically prepay fees in advance for our solution offering.

Due from Related Parties

Due from related parties primarily represents payment to one of our senior management members, which was fully repaid in 2020. During the Track Record Period, we recorded such due from related parties of RMB0.3 million, RMB0.3 million and RMB0.3 million as of December 31, 2020, 2021 and 2022, respectively. The RMB0.3 million due from related parties in 2020, 2021 and 2022 was non-trade in nature and represented loans to Shanghai Meiyue, one of our former employee equity incentive platforms. Such an amount will be settled prior to the [REDACTED]. For details, please see Note 30 to the Accountants' Report set forth in Appendix I to this Document.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables consist primarily of (i) prepayments to suppliers for content creation and technology services, (ii) prepaid [REDACTED] in relation to the [REDACTED], (iii) advances to employees to support our business operation, (iv) other current assets relating to prepaid tax by our subsidiaries, (v) deposits in connection with tender deposits for precision omni-channel marketing solutions and RWS solutions as well as security deposits for our leases, and (vi) other receivables, mainly relating to trade receivables from our disposed subsidiaries. Our prepayments, deposits and other receivables were generally expected to be recovered or recognized as expenses within one year and therefore are all classified as current assets.

The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Current potion			
Prepayments to suppliers	3,989	3,544	4,380
Prepaid [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Advances to employees	140	66	17
Other current assets	430	97	—
Deposits	1,204	1,462	1,138
Other receivables	163	2,947	3,105
Impairment allowance	(51)	(132)	(127)
Total	5,875	8,508	12,691
Non-current portion			
Deposits	—	—	1,196
	5,875	8,508	13,887

Our current portion of prepayments, deposits and other receivables increased from RMB5.9 million as of December 31, 2020 to RMB8.5 million as of December 31, 2021, primarily due to an increase in prepaid [REDACTED] and a substantial increase in other receivables resulting from trade receivables from a disposed subsidiary engaging in sales of medical products in 2021. Our current portion of prepayments, deposits and other receivables increased from RMB8.5 million as of December 31, 2021 to RMB12.7 million as of December 31, 2022, primarily due to an increase in the capitalized portion of incurred [REDACTED] as well as an increase in prepayments to suppliers as we expanded our business. We recorded non-current deposit in the amount of RMB1.2 million as of December 31, 2022 primarily as a result of renewal of a number of leases with terms of more than one year 2022 that leads to payment of long-term security deposits.

As of February 28, 2023, RMB2.9 million, or 22.7% of current portion of our prepayments, deposits and other receivables outstanding as of December 31, 2022 had been subsequently settled.

Cash and Bank Balances

During the Track Record Period, we had cash and bank balances of RMB277.0 million, RMB596.0 million and RMB599.3 million as of December 31, 2020, 2021 and 2022, respectively, primarily driven by cash generated from or used in our operating activities and cash from series B and series C financing. For a detailed analysis of our cash flow during the Track Record Period, see "— Liquidity and Capital Resources — Cash Flow Analysis."

Property, Plant and Equipment

Our property, plant and equipment consists primarily of buildings, furniture and facilities, and devices and equipment. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Buildings	16,829	16,427	16,025
Furniture and facilities	54	93	82
Devices and equipment	1,231	1,500	1,256
Total	18,114	18,020	17,363

The net book value of our property, plant and equipment amounted to RMB18.1 million, RMB18.0 million and RMB17.4 million as of December 31, 2020, 2021 and 2022, respectively. The movement in the net book value of our property, plant and equipment over time was primarily the movement of spending on devices and equipment to support our operation as partially offset by depreciation recorded.

Right-of-use Assets

Our right-of-use assets represent our leased office premises. Our right-of-use assets decreased from RMB10.0 million as of December 31, 2020, to RMB4.6 million as of December 31, 2021 resulting from depreciation charge of RMB6.3 million, RMB7.5 million recorded as of December 31, 2020 and 2021, respectively. Our right-of-use assets increased to RMB10.2 million as of December 31, 2022 resulting from the renewal of a number of leases in 2022.

Intangible Assets

We recorded intangible assets in the amount of RMB1.6 million as of December 31, 2022 primarily as a result of our purchase of information technology programs for our current and future service offerings.

Deferred Tax Asset

Deferred tax assets arise from deductible temporary differences, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. We recorded deferred tax assets of RMB0.1 million and RMB1.2 million, respectively, as of December 31, 2020 and 2021. The increase in deferred tax assets was primarily attributable to the fact that the aging of certain contract assets reached two years as of December 31, 2021 and we recognized the full amount of such contract assets as allowance for expected credit losses on contract assets as a result of our prudent financial policy. The deferred tax assets further increased to RMB1.3 million as of December 31, 2022 as a result of a further increase in current lease liabilities.

Trade Payables

Our trade payables represent unpaid liabilities for products and services provided to us by our suppliers, which were primarily content development-related costs during the Track Record Period, prior to the end of each year.

Our trade payables amounted to RMB2.4 million, RMB1.6 million and RMB2.0 million as of December 31, 2020, 2021 and 2022, respectively. The decrease of trade payables from RMB2.4 million as of December 31, 2020 to RMB1.6 million as of December 31, 2021 was primarily because we did not have a credit term arrangement with certain of our major suppliers in 2021 and such suppliers required us to prepay for services rendered. The trade payables further increased to RMB2.0 million as of December 31, 2022 as we expanded our business.

The following table sets forth the aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2020	2021	2022
	(RMB in thousands)		
Within 3 months	2,388	1,587	1,967
	2,388	1,587	1,967

The following table sets forth our trade payables turnover days for the years indicated:

	For the year ended December 31,		
	2020	2021	2022
Trade payables turnover days[(1)]	9	7	5

Note:

(1) Trade payables turnover days are based on the average balance of trade payables divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the years ended December 31 is 365 days.

Our trade payable turnover days decreased from nine days in 2020 to seven days in 2021 and five days in 2022 primarily because some new suppliers did not have credit term arrangements with us and required us to prepay or pay upon demand.

As of February 28, 2023, the full amount of our trade payables outstanding as of December 31, 2022 had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals consist primarily of (i) contract liabilities in relation to prepayment from our customers for our solutions offering, (ii) payables for staff-related costs representing salary and benefits payable to our employees, and social insurance and housing provident fund contributions to be made for our employees, (iii) other tax payables, (iv) other payables and (v) deferred income.

The following table sets forth our other payables and accruals as of the dates indicated:

	As of December 31,		
	2020	2021	2022
	(RMB in thousands)		
Contract liabilities	118,970	124,341	107,234
Payables to employees	14,825	22,223	18,202
Other tax payable (other than income tax)	6,981	12,326	10,033
Other payables	941	866	18,679
Deferred income (government grants)	560	—	—
	142,277	159,756	154,148

Our other payables and accruals increased from RMB142.3 million as of December 31, 2020, to RMB159.8 million as of December 31, 2021, primarily due to the expansion of our business that led to higher contract liabilities and an increase in employees that led to higher payables to employees. Our other payable and accruals decreased to RMB154.1 million as of December 31, 2022, primarily attributable to a decrease in contract liabilities due to then temporary measures implemented in Shanghai due to COVID-19 in 2022 that affected the prepayment we received and the subsequent recognition of revenue of certain projects under precision omni-channel marketing solutions and RWS solutions as we performed our services.

The following table sets forth a breakdown of contract liabilities by business line as of the dates indicated:

	As of December 31,		
	2020	2021	2022
	(RMB in thousands)		
Physician platform solutions	59,662	67,051	69,271
Precision omni-channel marketing solutions	49,729	47,974	33,288
RWS solutions	9,579	9,316	4,675
Total	**118,970**	**124,341**	**107,234**

The contract liabilities increased from RMB119.0 million as of December 31, 2020 to RMB124.3 million as of December 31, 2021 in line with our business expansion. Our contract liabilities subsequently decreased to RMB107.2 million as of December 31, 2022 primarily due to the performance of a number of projects under precision omni-channel marketing solutions and RWS solutions that results in the corresponding contract liabilities subsequently recognized as revenue. See "— Major Factors Affecting Our Results of Operations" for more details. The decrease was also attributable to temporary measures implemented in Shanghai in 2022 due to COVID-19 that affected our ability to receive prepayments from our customers. We have adopted internal control policies to ensure the accuracy of the representation of our project work progress, which would then be used as the basis of recording contract liabilities, including regularly internal inspection on the actual cost, estimated budgets and invoice issuances of all ongoing projects. For details, see "— Critical Accounting Policies and Estimates — Revenue Recognition".

As of February 28, 2023, RMB9.1 million, or 8.5% of our contract liabilities as of December 31, 2022 had been subsequently recognized as revenue.

Tax Payable

We recorded tax payable of RMB0.3 million, RMB8.0 million and RMB2.2 million as of December 31, 2020, 2021 and 2022. The tax payables of RMB8.0 million as of December 31, 2021 primarily represents the tax payables of RMB0.3 million as of December 31, 2020, the income tax refund of RMB2.6 million received in 2021 (which we subsequently determined that should be filed and paid to relevant government agencies due to adjustments made pursuant to the adoption of the input method under IFRS), and the current income tax charge of RMB5.1 million, which is after the adjustment made as a result of the implementation of input method when preparing the financial statements during the Track Record Period. We fully settled all of our tax obligations that arose from the adjustment due to the implementation of input method in June 2022 during the 2021 annual Enterprise Income Tax filing. Our PRC Legal Adviser is of the view that the risk of the relevant PRC tax authorities imposing the administrative penalty on us due to the above adjustment is remote, on the basis that (i) we have completed the 2021 annual Enterprise Income Tax filing, including the tax adjustment related matters, in June 2022 and the local tax authority accepted the relevant documents without objection, (ii) we have obtained confirmation letters from the relevant tax authorities in July 2022, confirming that they have not found that our PRC operating entities had any outstanding tax payments or had been imposed any penalty with respect to tax, and (iii) we have not been subject to any penalty or dispute with tax authorities during the Track Record Period. The tax payable further decreased to RMB2.2 million as of December 31, 2022 as a result of prepayment of tax in 2022 and a decrease in taxable income as a result of [REDACTED] incurred. The amount of prepayment primarily depends on the profit level of our Group, without taking into account of eligible deductibles such as research and development related deductions. The difference in the amount prepaid and the amount required to be paid will be settled in the Enterprise Income Tax filing in the following year.

Lease Liabilities

Our lease liabilities represent the present value of outstanding lease payments under our lease agreements.

The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As of February 28,
	2020	2021	2022	2023
				(unaudited)
		(RMB in thousands)		
Current	6,353	3,404	5,526	5,036
Non-current	2,910	596	4,068	3,358
	9,263	4,000	9,594	8,394

The carrying amount of our lease liabilities decreased from RMB9.3 million as of December 31, 2020 to RMB4.0 million as of December 31, 2021, primarily due to payment of our leases during the year. The carrying amount of our lease liabilities increased to RMB9.6 million as of December 31, 2022, primarily due to the renewal of a number of leases in 2022.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from our business operations and shareholder equity contributions. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations, the net [REDACTED] from the [REDACTED], and other future equity or debt financings. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We had cash and bank balances of RMB277.0 million, RMB596.0 million and RMB599.3 million as of December 31, 2020, 2021 and 2022, respectively.

Cash Flow Analysis

The following table sets forth our cash flows for the years indicated:

	For the year ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Operating cash flows before movement in working capital	38,741	61,293	20,286
Changes in working capital	22,083	(31,399)	(35,156)
Interest received	1,469	4,845	10,379
Income tax (paid)/refund	(6,093)	2,612	(9,551)
Net cash generated from (used in) operating activities	56,200	37,351	(14,042)
Net cash generated/(used in) from investing activities	31,414	(2,034)	(2,133)
Net cash generated/(used in) from financing activities	93,091	285,556	(7,516)
Net increase/(decrease) in cash and cash equivalents	180,705	320,873	(23,691)
Cash and cash equivalents at the beginning of the year	96,393	276,972	596,002
Effect of foreign exchange rate changes, net	(126)	(1,843)	26,955
Cash and cash equivalent at end of the year	**276,972**	**596,002**	**599,266**

Net Cash Generated from/(Used in) Operating Activities

Net cash used in operating activities for the year ended December 31, 2022 was RMB14.0 million, which consisted primarily of loss before income tax expenses of RMB96.3 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) fair value losses on convertible redeemable preferred shares of RMB109.4 million, (ii) interest income of RMB10.4 million, (iii) depreciation of right-of-use assets of RMB7.2 million, (iv) equity-settled share-based payments of RMB6.3 million and (v) impairment of contract assets of RMB2.4 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in contract assets of RMB16.4 million, (ii) an increase in trade receivables of RMB8.2 million, (iii) a decrease in other payables and accruals of RMB5.6 million and (iv) an increase in prepayments, deposits and other receivables of RMB5.4 million in 2022. Although we recorded net cash outflow from operating activities of RMB14.0 million for the year ended December 31, 2022, we believe such cash outflow was attributable to cash payment made as a result of [REDACTED] incurred in connection with the [REDACTED] and temporary measures implemented in Shanghai due to COVID-19 that prevented us from timely issuing invoices and settling outstanding contract assets and receiving prepayments from our customers. With the lift of temporary measures in June 2022 as well as the end of "zero-COVID" policy in December 2022, we expect our cash generated from operating activities to further improve. Furthermore, we have adopted the following measures to manage our contract assets and trade receivables to improve our financial position: (i) centrally managing all our contracts on the project management system; (ii) commencing projects only after effective and explicit confirmation from our customers; (iii) regularly following up with customers for projects that we consider as bearing a higher risk; (iv) timely sending invoices upon reaching settlement terms or milestones detailed in payment schedules; and (v) designating employees responsible for contract assets and trade receivables management for each project and implementing a bonus mechanism incentivizing such employees to abide by our internal guide on contract assets and trade receivables management.

Net cash generated from operating activities for the year ended December 31, 2021 was RMB37.4 million, which consisted primarily of loss before income tax expenses of RMB147.1 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) fair value losses on convertible redeemable preferred shares of RMB190.6 million, (ii) equity-settled share-based payments of RMB8.2 million, (iii) depreciation of right-of-use assets of RMB7.5 million and (iv) impairment of contract assets of RMB5.8 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in contract assets of RMB34.6 million, (ii) an increase in other payables and accruals of RMB20.1 million and (iii) an increase in trade receivables of RMB12.8 million. We recognized an income tax refund of RMB2.6 million in 2021 because we prepaid tax in the amount of RMB2.8 million for the nine months ended September 30, 2020 in 2020 pursuant to local regulations. However, during its review of the tax filing in 2021, the relevant government agencies determined that the amount of tax that should be paid for 2020 was RMB0.1 million after considering the deductions resulting from research and development to which we were entitled. As such, we received an income tax refund of RMB2.6 million representing the difference between the tax prepaid and the tax that we should pay for 2020. We subsequently determined that the income tax refund should be filed and paid to relevant government agencies due to adjustments made pursuant to the adoption of the input method under IFRS.

Net cash generated from operating activities for the year ended December 31, 2020 was RMB56.2 million, which consisted primarily of profit before income tax expenses of RMB33.2 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of right-of-use assets of RMB6.3 million, (ii) interest income of RMB1.5 million and (iii) fair value gain of RMB1.0 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in contract assets of RMB10.8 million and (ii) an increase in other payables and accruals of RMB35.2 million.

Net Cash (Used in)/Generated from Investing Activities

Net cash used in investing activities for the year ended December 31, 2022 was RMB2.1 million, which consisted of payments for (i) purchase of intangible assets of RMB1.6 million and (ii) purchase of property, plant and equipment of RMB0.5 million.

Net cash used in investing activities for the year ended December 31, 2021 was RMB2.0 million, which consisted primarily of (i) payments for purchase of property, plant and equipment of RMB0.9 million, and (ii) gains on disposal of subsidiaries of RMB1.1 million.

Net cash from investing activities for the year ended December 31, 2020 was RMB31.4 million, which consisted primarily of proceeds from disposal of financial assets of RMB31.5 million, due to the disposal of our wealth management products, partially offset by payments for purchase of property, plant and equipment of RMB1.1 million.

Net Cash (Used in)/Generated from Financing Activities

Net cash used in financing activities for the year ended December 31, 2022 was RMB7.5 million, primarily attributable to lease payment of RMB7.6 million and partially offset by capital contribution of RMB0.1 million.

Net cash from financing activities for the year ended December 31, 2021 was RMB285.6 million, primarily attributable to issue of convertible redeemable preferred shares of RMB297.1 million and partially offset by (i) lease payment of RMB7.7 million, and (ii) capital withdrawn of RMB3.9 million.

Net cash from financing activities for the year ended December 31, 2020 was RMB93.1 million, primarily attributable to capital injection of RMB100.0 million in series B financing and partially offset by lease payment of RMB6.9 million.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2020	2021	2022	2023
				(unaudited)
		(RMB in thousands)		
Banking borrowings or other interest-bearing borrowings	—	—	—	—
Lease liabilities	9,263	4,000	9,594	8,394
Convertible redeemable preferred shares	—	603,067	720,907	720,907
Contingent liabilities	—	—	—	—

Banking Facilities

As of the Latest Practicable Date, we did not have any banking borrowings or other interest-bearing borrowings.

Lease Liabilities

For details of our lease liabilities, see "— Discussion of Certain Key Balance Sheet Items — Lease Liabilities."

Preferred Shares

Our Company has historically issued several series of convertible preferred shares to investors. Upon the completion of the [REDACTED] and the [REDACTED], all of such convertible preferred shares will be automatically converted into ordinary shares.

The redemption of the preferred shares, if triggered, could have a negative impact on our cash and liquidity position and financial condition. See "Risk Factors — Fair value losses in convertible redeemable preferred shares issued to [REDACTED] investors and related valuation uncertainty may materially affect our financial condition and results of operations."

Contingent Liabilities

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities.

During the Track Record Period and as of February 28, 2023, being the latest practicable date for our indebtedness statement, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there is no material change in our indebtedness since February 28, 2023 and up to the Latest Practicable Date.

Furthermore, none of our guarantee, indebtedness or other contingent liabilities include any material covenant or undertaking that inhibits us from undertaking additional debt or equity financing.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the years indicated:

	For the year ended/As of December 31,		
	2020	**2021**	**2022**
Revenue growth	30.5%	37.9%	17.2%
Gross profit margin	54.2%	63.8%	59.1%
Net profit margin[(1)]	13.4%	(50.7%)	(28.6%)
Current ratio[(2)]	213.3%	396.7%	436.4%
Quick ratio[(3)]	213.3%	396.7%	436.4%

Notes:

(1) Net profit margin is negative in 2021 and 2022 primarily attributable to fair value losses on convertible redeemable preferred shares of RMB190.6 million in 2021 and RMB109.4 million in 2022.

(2) Current ratio is calculated by dividing current assets by current liabilities.

(3) Quick ratio is calculated by dividing current assets less inventories by current liabilities.

Our current ratio and quick ratio increased during the Track Record Period, primarily attributable to an increase in cash and bank balances as well as increases in contract assets and trade receivables. See "— Discussion of Certain Key Balance Sheet Items" for more details.

CAPITAL EXPENDITURES

Our historical capital expenditures primarily included purchase of property and equipment. The following table sets forth our capital expenditures for the years indicated:

	For the year ended December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Payments for property, plant and equipment	1,111	889	519

Our capital expenditure relating to property, plant and equipment primarily represented computers and other office appliances we procured during the Track Record Period.

CONTRACTUAL OBLIGATIONS

Capital Commitment

We did not have any significant capital commitments as of December 31, 2020, 2021 and 2022.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. We recorded due from related parties of RMB0.3 million, RMB0.3 million and RMB0.3 million as of December 31, 2020, 2021 and 2022, respectively. The RMB0.3 million due from related parties as of December 31, 2020, 2021 and 2022 was non-trade in nature and represented loans to Shanghai Meiyue, one of our former employee equity incentive platforms. Such an amount will be settled prior to the [REDACTED]. Our Directors are of the view that each of the related party transactions set out in Note 29 to the Accountants' Report included in Appendix I to this Document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become nonreflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as Shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

FINANCIAL RISKS DISCLOSURE

Our activities expose us to a variety of financial risks: credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

Risk management is carried out under policies approved by our Board. The management identifies and evaluates financial risks in close cooperation with our operating units.

Credit Risk

We are exposed to credit risk primarily in relation to our trade receivables and contract assets. The carrying amounts of each class of financial assets represent our maximum exposure to credit risk in relation to such financial assets. We do not provide any guarantees which would expose us to credit risk.

We have policies in place to ensure that trade receivables with credit terms are made to counterparties with an appropriate credit history and our management performs ongoing credit evaluations of the counterparties. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The main exposure to credit risk at each of the reporting dates is the carrying value of our trade receivables.

The movements of expected credit losses are presented in Note 33(b) to the Accountants' Report included in Appendix I to this Document.

Liquidity Risk

We aim to maintain sufficient cash and bank balances. As of December 31, 2020, 2021 and 2022, our net current assets amounted to RMB171.4 million, RMB512.6 million and RMB551.1 million, respectively. In the management of liquidity risk, we regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term. Historically, we have relied principally on both operational sources of cash and non-operational sources of equity financing to fund our operations and business development. The following table sets forth our financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows of the financial liabilities.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	(RMB in thousands)				
As of December 31, 2020					
Trade payables	2,388	—	—	—	2,388
Financial liabilities included in other payables and accruals	941	—	—	—	941
Lease liabilities	—	1,234	5,354	3,010	9,598
	3,329	1,234	5,354	3,010	12,927
As of December 31, 2021					
Trade payables	1,587	—	—	—	1,587
Financial liabilities included in other payables and accruals	866	—	—	—	866
Convertible redeemable preferred shares	—	—	—	621,530	621,530
Lease liabilities	—	1,604	1,863	604	4,071
	2,453	1,604	1,863	622,134	628,054
As of December 31, 2022					
Trade payables	1,967	—	—	—	1,967
Financial liabilities included in other payables and accruals	18,679	—	—	—	18,679
Convertible redeemable preferred shares	—	—	—	640,505	640,505
Lease liabilities	—	1,331	4,444	4,162	9,937
	20,646	1,331	4,444	644,667	671,088

Our management believes that adequate sources of liquidity exist to fund our working capital and future capital expenditures requirements, and other liabilities and commitments as they become due.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from currencies other than the units' functional currencies. For the sensitivity analysis, see Note 33(a) to the Accountants' Report set forth in Appendix I to this Document.

Fair Value Measurement

Fair values are categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair Value Measurement*. All assets and liabilities for which fair value is measured or disclosed are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Fair value measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Fair value measured based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; and
- Level 3: Fair value measured based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

We measure our wealth management products and convertible redeemable preferred shares at fair value at the end of each of the Track Record Period.

We have estimated the fair value of wealth management products purchased by us by using a discounted cash flow valuation model based on the expected interest rate per annum of instruments with similar terms and risks. The fair value of wealth management products is determined using a valuation model for which not all inputs are observable and is within Level 3 of the fair value hierarchy.

The fair values of convertible redeemable preferred shares are determined by using the valuation techniques, including the discounted cash flow method and the option-pricing method. Such valuation is based on key parameters about discounts for lack of marketability and volatility, which are subject to uncertainty and might materially differ from the actual results. For details, see Note 3 to the Accountants' Report set forth in Appendix I to this Document.

We have implemented internal policies to ensure the reasonableness of fair value measurement on the level 3 financial assets. Our Directors are aware of the "Guidance note on directors' duties in the context of valuations in corporate transactions" issued by the SFC on May 15, 2017. In this regard, our Directors confirmed that (i) they had exercised due care, skill and diligence and supervised their responsible employees when making the investment decisions; and (ii) they had complied with the standard exercised by a reasonably diligent person with the knowledge, skill and experience that may be reasonably expected of a director carrying out the functions of the directors in relation to the company. Moreover, our Directors have adopted the following internal policies and procedures in relation to the reasonableness of fair value measurement on our wealth management products and valuation of convertible redeemable preferred shares:

- Designating a finance team to be responsible for (i) determining the policies and procedures for the fair value measurement of financial instrument, (ii) analyzing the movements in the values of financial instruments and (iii) reporting directly to our Directors regularly on the fair value measurement of financial instruments;
- Reviewing the relevant contract terms of the investment agreements entered into;
- Engaging an independent qualified professional valuer;
- Providing necessary financial and non-financial information to the valuer so as to enable them to perform their valuation procedures;
- Considering all inputs to the valuation which require management judgments and estimations; and
- Reviewing the valuation working papers and results prepared by the valuer, discussing with the valuer on relevant assumptions and bases where necessary

Based on the above, our Directors are of the view that the fair value measurement of our financial instruments is fair and reasonable.

Details of the fair value measurement of financial instruments, particularly the fair value hierarchy, the valuation techniques, significant unobservable input and sensitivity of fair value to the input are disclosed in Note 2.4, Note 3 and Note 32 to the Accountants' Report set forth in Appendix I to this Document which was issued by the Reporting Accountants in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. The Reporting Accountants' opinion on the historical financial information, as a whole, of us for the Track Record Period is set out on page I-2 in Appendix I to this Document. Our Directors are satisfied with the valuation work for financial instruments categorized within Level 3 of fair value measurement in our historical financial information for the purpose of the preparation of the Accountants' Report as referred to in Appendix I to this Document.

The Joint Sponsors have conducted relevant due diligence work, including but not limited to, (i) reviewed relevant disclosures and notes in the Accountants' Report as contained in Appendix I; (ii) obtained and reviewed the terms of the relevant agreements and documents regarding the financial instruments; (iii) obtained and reviewed relevant valuation report with respect to the convertible redeemable preferred shares; and (iv) understood from the Company, the Reporting Accountants and the valuer (in the case of convertible redeemable preferred shares) about the key bases, assumptions and methodologies for the valuation of the financial instruments. Having considered the work done by the Directors and Reporting Accountants and the relevant due diligence done as stated above, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation analysis performed by the valuers on the financial assets and liabilities.

DIVIDENDS

As advised by our Cayman Islands legal adviser, under Cayman Islands law, a position of accumulated losses does not necessarily restrict our Company from declaring and paying dividends to our Shareholders out of either our profit or our share premium account, provided this appears to the Board to be justified by the financial conditions and the profits of the Company and would not result in our Company being unable to pay its debts as they fall due in the ordinary course of business immediately following the date on which the dividend is proposed to be paid.

As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board. Throughout the Track Record Period, we did not pay or declare any dividend. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the estimated net [REDACTED] from the [REDACTED], the expected cash generated from operating activities and other future equity or debt financing opportunities, we have sufficient working capital for our present requirements and for the next 12 months from the date of this Document.

Our net cash generated from operating activities was RMB56.2 million and RMB37.4 million, respectively, in 2020 and 2021, and our net cash used in operating activities was RMB14.0 million in 2022. Our Directors confirm that we had no material defaults in payment of trade payables during the Track Record Period.

DISTRIBUTABLE RESERVES

As of December 31, 2022, the Company did not have any distributable reserves.

[REDACTED]

Our [REDACTED] mainly include [REDACTED] and professional fees paid to legal, accounting and other advisors for their services rendered in relation to the [REDACTED] and the [REDACTED]. Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] (based on the midpoint of the [REDACTED] Range and assuming that the [REDACTED] is not exercised and all discretionary incentive fees in the [REDACTED] are paid in full) for the [REDACTED] are approximately HK$[REDACTED], accounting for approximately of [REDACTED] of our gross [REDACTED]. An estimated amount of HK$[REDACTED] for our [REDACTED], accounting for approximately [REDACTED] of our gross [REDACTED], is expected to be expensed through the statement of profit or loss, and the remaining amount of HK$[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED]. Our Directors do not expect such [REDACTED] to have a material and adverse impact on our financial results for the year ending December 31, 2022.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed 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, 2022, the end date of our latest audited financial statements, and there has been no event since December 31, 2022 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]