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## SUMMARY

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

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

## OVERVIEW

### Our Company

We developed China’s first city-specific cloud hospital platform, according to Frost & Sullivan, and nurtured a cloud hospital network that connects local governments, medical institutions, patients and insurers to enable equitable access to medical resources and more effective and efficient delivery of healthcare. Through the cloud hospital network, we facilitate the delivery of Internet medical services, including online hospital services, remote medical services, smart family doctor services and Internet home care services. We also provide health management services and offer smart healthcare products. According to Frost & Sullivan, as of December 31, 2021 and September 30, 2022, we are the largest cloud hospital network in China in terms of the number of cities covered.

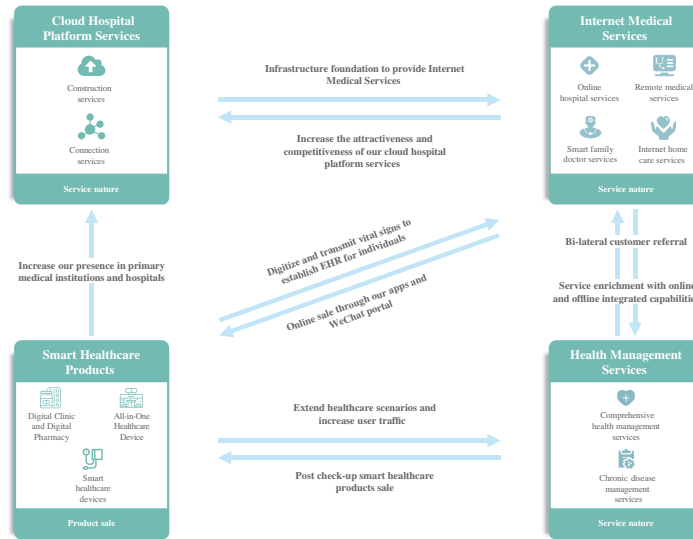
Digital healthcare is the integration of information technology with medical resources and practices to create new healthcare service platforms and infrastructure, and to enable stakeholders to deliver more precise and customized care with improved quality and equitable access. Through digital healthcare, we help relevant stakeholders realize healthcare transformation to achieve digital connection between online and offline settings, inside and outside of medical institutions and among medical institutions, and solve diverse and systemic problems facing the healthcare system. We believe that the core value of cloud-based healthcare should reside with empowering all participants in the healthcare system, to align with all relevant stakeholders’ interests without disrupting the system as a whole.

As of December 31, 2020 and 2022, our network grew from 24 to 29 city-specific cloud hospital platforms in China. As of the same dates, 1,796 and 2,400 hospitals were connected to our cloud hospital network, respectively. We believe our cloud hospital platforms can generate strong network effects as more hospitals and other participants join our platforms over time to expand the depth and breadth of medical resources available and the reach to an ever-larger group of healthcare consumers, resulting in a virtuous cycle in sustaining our growth.

## SUMMARY

### Our Solutions

We have created a portfolio of solutions designed to empower the participants in the healthcare system to improve overall efficiency and effectiveness. The following diagram illustrates the relationships among our four business segments and the synergistic effects generated among them:



Our solutions are designed to generate synergistic effects among themselves. Our cloud hospital platform services, serving as the entry point of our solutions, connect the healthcare participants to our cloud infrastructure, thereby allowing them access to our SaaS tools and medical service modules. Our Internet medical services empower medical institutions to offer convenient and one-stop online and offline integrated medical services inside and outside of medical institutions to patients throughout the full healthcare cycle. We also provide offline health management services through our own medical institutions to individuals and institutional clients, so as to enable them or their employees to manage health alongside our Internet medical services. Furthermore, smart healthcare products have enriched the healthcare scenarios so that our solutions can benefit the end patients and healthcare consumers, and created room for us to further enrich our service offerings. We expect our solutions to further attract healthcare participants to our platforms and increase quality medical resources available through our platforms, thereby resulting in a virtuous cycle for our sustainable growth.

Our cloud hospital platforms are an important feature of our solutions, particularly the cloud hospital platform services and Internet medical services. Such city-specific cloud hospital platforms are typically established through the offering of our cloud hospital platform services, and are utilized to facilitate the offering of the Internet medical services, while the maintenance and upgrade of such platforms further drive the growth of our cloud hospital platform services. These platforms can aggregate and organize the health data generated through our healthcare products, along with the EMRs and other health data from our customers of the cloud hospital platform services as well as EHRs from our provision of health management services, to produce more accurate personal health profiles that allow the delivery of more precise and personalized care.

## SUMMARY

The following table sets forth certain details of our solutions:

Business segment	Business model and target customers	Offering		Revenue model
<b>Cloud Hospital Platform Services</b>	Provide technology solutions to local governments and medical institutions	– Platform construction services	Constructing or upgrading the cloud hospital platforms or independent cloud hospital systems	Revenue recognized from service fees which are priced considering the function requirement and complexity of each construction or upgrade project, and consisting of both one-off and recurring projects
	Provide technology solutions to medical institutions and insurers	– Platform connection services	Connecting medical institutions to our cloud hospital platforms, allowing them access to a variety of digital healthcare functions	Annual connection fee, while mostly free for primary medical institutions, and consisting of mostly recurring projects
<b>Internet Medical Services</b>	Directly provide or facilitate medical institutions to provide patients with online and offline integrated medical services	– Online hospital services	Smart hospital services, online medical consultation and prescription processing services and value-added follow-up management services, which are not available under the traditional offline hospital setting	Service fees income from patients and institutions on a gross basis for services rendered by the medical professionals at or registered with our own medical institutions; or platform management fees from third-party medical institutions as a percentage of service fees received by the third-party medical institutions from patients on a net basis
		– Remote medical services	Services that help primary medical institutions expand their service capabilities to provide remote diagnosis, remote consultation and bidirectional referral services with the assistance of (specialists from) large hospitals	
		– Smart family doctor services	Allowing patients and other healthcare consumers to sign up for family doctors to help with their general medical needs	
		– Internet home care services	Primarily online matching of patients and nurses to conduct professional care services at the patients’ premises	

## SUMMARY

Business segment	Business model and target customers	Offering		Revenue model
Health Management Services	Provide health management services to individuals and institutional clients (who purchase the services for the benefit of their employees), including government agencies, corporations, banks and insurers	- Comprehensive health management services	Offline health check-ups through our own medical institutions and online health management services provided by our online health management professionals	Typically service fees charged on the scope of services of the health management packages selected, the number of employees of the institutional clients to be covered, and the duration of such package
		- Chronic disease management services	Chronic disease condition monitoring, healthcare news feed services and intervention planning services based on the individuals' chronic disease conditions	
Smart Healthcare Products	Sell smart healthcare products to local governments and primary medical institutions	- Products embedded with IoT technology that meet the needs of primary medical institutions to enhance their operational efficiency	Digital Clinic and Digital Pharmacy products, All-in-One Healthcare Devices, among others, to facilitate remote medical consultations, drug delivery and establish EHRs for individuals	Pricing based on purchase price of devices, plus cost of software and services components, if any
	Sell smart healthcare products to corporations and individuals	- Products that meet the needs of individuals for personal health management	Smart blood pressure monitors, smart blood glucose meters, and smart wearables, among others	

The following table sets forth our revenue breakdown by business line for the years indicated:

	Year ended December 31,					
	2020		2021		2022	
	<i>(RMB in thousands, except for percentages)</i>					
Cloud hospital platform services . . . . .	78,611	15.6%	127,967	20.8%	122,369	17.8%
Internet medical services . . . . .	55,057	11.0%	93,407	15.2%	137,834	20.1%
- Online hospital services . . . . .	49,240	9.8%	80,144	13.0%	117,972	17.2%
- Remote medical services . . . . .	4,325	0.9%	10,248	1.7%	13,871	2.0%
- Smart family doctor services <sup>(1)</sup> . . . . .	-	-	-	-	-	-
- Internet home care services . . . . .	1,492	0.3%	3,015	0.5%	5,991	0.9%
Health management services . . . . .	222,465	44.2%	240,918	39.2%	209,199	30.4%
Smart healthcare products . . . . .	146,875	29.2%	152,010	24.8%	218,013	31.7%
<b>Total</b> . . . . .	<b>503,008</b>	<b>100.0%</b>	<b>614,302</b>	<b>100.0%</b>	<b>687,415</b>	<b>100.0%</b>

(1) We do not charge fees for smart family doctor services.

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## SUMMARY

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We generally leverage the following means to acquire customers for each of our business lines:

*Cloud Hospital Platform Services.* For cloud hospital platform services, we typically utilize our internal customer resources and designate personnel to source the latest tender and bidding opportunities for obtaining new projects from local governments and hospitals. We acquire most of our customers through tender and bidding process, with historical bidding success rate over 80%. For more details on the tender and bidding process, see "Business – Our Customers – Project Tender and Bidding." In particular, for establishing city-specific cloud hospital platforms, we designate personnel for evaluating the market potential of city candidates in terms of various factors such as the population size, maturity of local medical and information infrastructure, extensiveness of medical networks, regulatory dynamics and public awareness and acceptance of our solutions on a periodic basis, and for continually monitoring tender and bidding opportunities available in different regions. We also regularly communicate with medical institution customers to understand their latest needs for digital healthcare infrastructure related services.

*Internet Medical Services.* For Internet medical services, we typically acquire customers through traffic brought by connected medical institutions, and synergy from health management services and smart healthcare products.

*Health Management Services.* For health management services, we typically acquire customers through marketing to institutional customers, traffic brought by offline medical institutions, and synergy from Internet medical services.

*Smart Healthcare Products.* For smart healthcare products, we typically acquire customers through marketing and business development activities to institutional customers. We regularly communicate with potential customers to gauge their demand for smart healthcare products, and designate personnel for continually monitoring tender and bidding opportunities available in the market.

Meanwhile, we continue to focus on improving customers' satisfaction through optimizing our solutions for purposes of retaining our existing customers.

The following table sets forth some details on our solutions' competitive landscape:

<b>Business segment</b>	<b>Sub-industry</b>	<b>Type of competitors</b>
Cloud hospital platform services . . . . .	Digital healthcare infrastructure industry	Healthcare IT solution providers, such as traditional IT solution companies with business footprint in the healthcare industry, as well as specialized health-tech companies

## SUMMARY

Business segment	Sub-industry	Type of competitors
Internet medical services . . . . .	Digital medical services industry	Digital medical services companies, such as online medical appointment making and consultation platform companies and online prescription processing platform companies
Health management services . . . . .	Digital health management industry	Health management service companies, such as franchise of private health check-up companies and the health check-up departments of public hospitals
Smart healthcare products . . . . .	Digital consumer healthcare products and services industry	Digital health product companies, such as medical equipment companies and traditional IoT product companies with healthcare offering

For more details, see “Industry Overview – The PRC Digital Healthcare Services Industry – Competitive Landscape.”

Our competitive edges for each of our business lines over our peers are as follows:

*Cloud Hospital Platform Services.* Our competitive edges for cloud hospital platform services mainly include: (i) a comprehensive suite of six function modules which caters to the needs of our platform users; (ii) economies of scale and reduced development and implementation costs of establishing new cloud hospital platforms, benefiting from years of expertise and experience in developing and operating such platforms; and (iii) solid business development capabilities and relationships with local governments and medical institution customers, given our established market position and first-mover advantages within respective cities.

*Internet Medical Services.* Our competitive edges for Internet medical services mainly include: (i) rich medical resources which provide wide geographical coverage and adequate supply of medical professionals; (ii) support from local governments and medical institutions, given the valuable benefits brought to ease the scarcity and uneven distribution of quality medical resources and in accordance with favorable national policies; (iii) quality services safeguarded by our quality control measures, as well as the three provincial-level Internet healthcare service supervision platforms operated by us in Jiangsu, Liaoning and Yunnan provinces; and (iv) user traffic synergy brought by our health management services. Users of our health management services can conveniently access Internet medical services after health check-up services.

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## SUMMARY

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*Health Management Services.* Our competitive edges for health management services mainly include: (i) better user experience than with other traditional offline health check-up service providers realized through our offering of Internet medical services, as users of the health management services can store their EHR via an online portal and seek Internet medical services if any health issue is identified; (ii) quality services and well-established reputation in regional markets; and (iii) strong business development capabilities with institutional customers.

*Smart Healthcare Products.* Our competitive edges for health management services mainly include: (i) better user experience than with other traditional offline health check-up service providers realized through our offering of Internet medical services, as users of the health management services can store their EHR via an online portal and seek Internet medical services if any health issue is identified; (ii) quality services and well-established reputation in regional markets; and (iii) strong business development capabilities with institutional customers.

### **Key Operational Data**

The number of medical institutions connected to our platform increased stably during the Track Record Period from 30,885 as of December 31, 2020 to 35,500 as of December 31, 2022. The majority of the primary medical institutions are connected to our platform for free, mostly providing smart family doctor services through our platform. Meanwhile, medical institutions that pay a fee for our platform connection services are largely hospitals. As of December 31, 2020, 2021 and 2022, the total number of medical institutions that contributed revenue to our cloud hospital platform services segment was 242, 138 and 145, respectively. We believe that the primary medical institutions connected to our platform can drive user traffic for the Internet medical services, thus bringing synergistic effects. For more details about the synergistic effects, see "Business – Our Solutions – Cloud Hospital Platform Services – For medical institutions" in this document.

As of December 31, 2022, we had a chain of ten self-owned medical institutions with an average gross floor area of 3,000 square meters and an average of 50 to 70 employees located in nine cities. As of December 31, 2020, 2021 and 2022, we had a team of approximately 61,200, 102,200 and 113,000 doctors, respectively, registered with our cloud hospital platforms. As of the same dates, there were approximately 10,300, 16,500 and 38,000 nurses, respectively, registered with our cloud hospital platforms.

## SUMMARY

### *Internet Medical Services and Health Management Services*

The following table summarizes the volumes of the services offered over our cloud hospital platforms for the years indicated:

	Year ended December 31,		
	2020	2021	2022
	<i>(in thousands)</i>		
Online consultations . . . . .	512.9	1,111.4	1,674.0
Prescriptions processed . . . . .	925.8	787.0 <sup>(2)</sup>	839.0
Remote medical services . . . . .	701.0	860.6	1,067.0
Smart family doctor services <sup>(1)</sup> . . . . .	1,417.6	2,306.6	5,218.0
Internet home care services . . . . .	16.4	29.9	54.0
Health management services . . . . .	475.0	525.9	480.0 <sup>(3)</sup>

- (1) Though we did not charge fees for smart family doctor services and did not generate revenue from such services accordingly during the Track Record Period, we expect the family doctors to act as an entrance point to our solutions for residents.
- (2) The volume of prescriptions processed decreased in 2021 compared to 2020 mainly because most of the prescriptions processed in 2020 arose from pharmacies connected to our platforms which did not arise from online consultations and were uploaded by patients and redeemed upon approval by pharmacists over our platform, and as we deprioritized processing prescriptions arising from pharmacies and switched focus to processing prescriptions arising from online consultations over our cloud hospital platform, for which we charge service fees, the prescriptions processed arising from pharmacies decreased both in absolute amount and as a percentage. In 2020, 2021 and 2022, there were approximately 150,100, 342,700 and 530,000 prescriptions arising directly from online consultations processed over our platforms, respectively.
- (3) The volume of health management services decreased in 2022 compared to 2021 mainly because we suspended the operations of eight medical institutions for different durations in the first three quarters of 2022 due to the COVID-19 outbreaks in Shanghai, Shenyang, Chongqing, Xi’an, Hefei, Dandong, Fuzhou and Chengdu in such period.

The following table sets forth the common price range charged for (i) the online consultation services and (ii) the prescription processing services arising directly from the provision of the online consultation services during the years indicated:

	Year ended December 31,		
	2020	2021	2022
	<i>(RMB)</i>		
Online consultation services . . . . .	5 to 500, depending on the types of consultation provided and the qualifications of doctors	5 to 500, depending on the types of consultation provided and the qualifications of doctors	5 to 500, depending on the type of consultation provided and the qualifications of doctors
Prescription processing services arising directly from the online consultation services . . . . .	20 to 100	50 to 300	50 to 1,000



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## SUMMARY

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### ***Smart Healthcare Products***

Our smart healthcare product offerings mainly include Digital Clinic and Digital Pharmacy products and All-in-One Healthcare Devices. Depending on customer needs, we may bundle complementary services that connect Digital Clinic and Digital Pharmacy products to particular health systems or platforms and price such bundle at prices ranging from RMB50,000 to RMB200,000. We price our All-in-One Healthcare Devices at prices ranging from RMB5,000 to RMB20,000. In 2020, 2021 and 2022, the sales volumes of our Digital Clinic and Digital Pharmacy products were 191, 188 and 178, respectively. In the same years, the sales volume of our All-in-One Healthcare Devices were 1,994, 4,144 and 815, respectively. The decrease in sales volume of our All-in-One Healthcare Devices in 2022 compared to 2021 is mainly due to our securing of more large contracts from institutional clients in 2021, particularly attributable to our cooperation with local health administrations to provide such devices to primary medical institutions. As of December 31, 2022, our All-in-One Healthcare Devices were present at approximately 27,900 primary medical institutions.

### **City-specific Cloud Hospital Platforms**

According to Frost & Sullivan, we are China’s first city-specific cloud hospital platform provider. We devote our resources to establishing the presence of our cloud hospital platforms at city level, through which we incorporate our cloud hospital platform services, Internet medical services and health management services to develop end-to-end solutions for specific cities. As of December 31, 2020, 2021 and 2022, our network consisted of 24, 28 and 29 city-specific cloud hospital platforms in China, respectively. The 29 city-specific cloud hospital platforms as of December 31, 2022 are primarily located in three regions, (i) the Yangtze River Delta (such as Ningbo), (ii) Southern China (such as Chongqing) and (iii) Northern China (such as Shenyang). These platforms covered a population of approximately 137.0 million in aggregate and the total medical expenditure in the relevant regions amounted to approximately RMB165.9 billion in 2021.

The development of each city-specific cloud hospital platform progresses at varied paces, depending on a number of factors, including the population size, maturity of local medical and information infrastructure, extensiveness of medical networks, regulatory dynamics the public awareness and acceptance of our solutions. We tailor development strategies based on such factors, providing different services as different entry points or selecting different types of medical institutions to initiate contact with. For details, see “Business – City-specific Cloud Hospital Platforms.”

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## SUMMARY

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### OUR STRENGTHS

We believe the following competitive strengths contribute to our success and position us for continued growth:

- China's largest cloud hospital network committed to transforming the delivery of care;
- Replicable and scalable cloud hospital platform model;
- Comprehensive solution portfolio to realize continuity through the full cycle of healthcare;
- In-depth understanding of medical specialties to integrate quality medical resources and ensure quality of healthcare delivery; and
- Visionary management team and industry-leading and supportive shareholders.

### OUR STRATEGIES

We intend to pursue the following strategies to realize our mission to empower healthcare transformation through information technology:

- Further expand our cloud hospital network;
- Enrich specialized healthcare service offerings and clinical application settings;
- Continually strengthen our technology and data capabilities;
- Improve quality control of healthcare services; and
- Selectively pursue strategic cooperation and mergers and acquisitions.

### OUR CUSTOMERS AND SUPPLIERS

The following table sets forth our major types of customers by business line:

<u>Business line</u>	<u>Major types of customers</u>
Cloud hospital platform services . . . . .	Local governments, medical institutions and insurers
Internet medical services . . . . .	Individuals, medical institutions and corporations
Health management services . . . . .	Corporations and individuals
Smart healthcare products. . . . .	Local governments, medical institutions, insurers, corporations and individuals

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## SUMMARY

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For each year during the Track Record Period, our five largest customers accounted for 16.2%, 14.3% and 20.1% of our total revenue, respectively. For each year during the Track Record Period, our largest customer contributed 5.0%, 3.3% and 11.2% of our total revenue, respectively.

We focus on customers in the public sector in the cloud hospital platform services and smart healthcare products segments. We are also exposed to the risk of any payment delay from them. See “Financial Information – Description of Certain Components of Our Consolidated Statements of Financial Position – Trade Receivables.”

The following table sets forth our major types of suppliers by business line:

<u>Business line</u>	<u>Major types of suppliers</u>
Cloud hospital platform services . . . . .	IDC service providers, providers of terminal software and hardware equipment, system integration service providers and network service providers
Internet medical services . . . . .	Medical professionals and pharmaceutical companies
Health management services . . . . .	Medical equipment manufacturers, test kit producers and medical specimen delivery companies
Smart healthcare products. . . . .	Medical equipment manufacturers

For each year during the Track Record Period, purchases from our five largest suppliers accounted for 41.2%, 33.5% and 34.0%, respectively, of our total purchases. For each year during the Track Record Period, purchases from our single largest supplier accounted for 15.7%, 14.3% and 15.9%, respectively, of our total purchases.

In 2020, 2021 and 2022, Neusoft Corporation was among our five largest suppliers. See “Business – Our Customers” and “Business – Our Suppliers.”

### **PRE-[REDACTED] INVESTMENT**

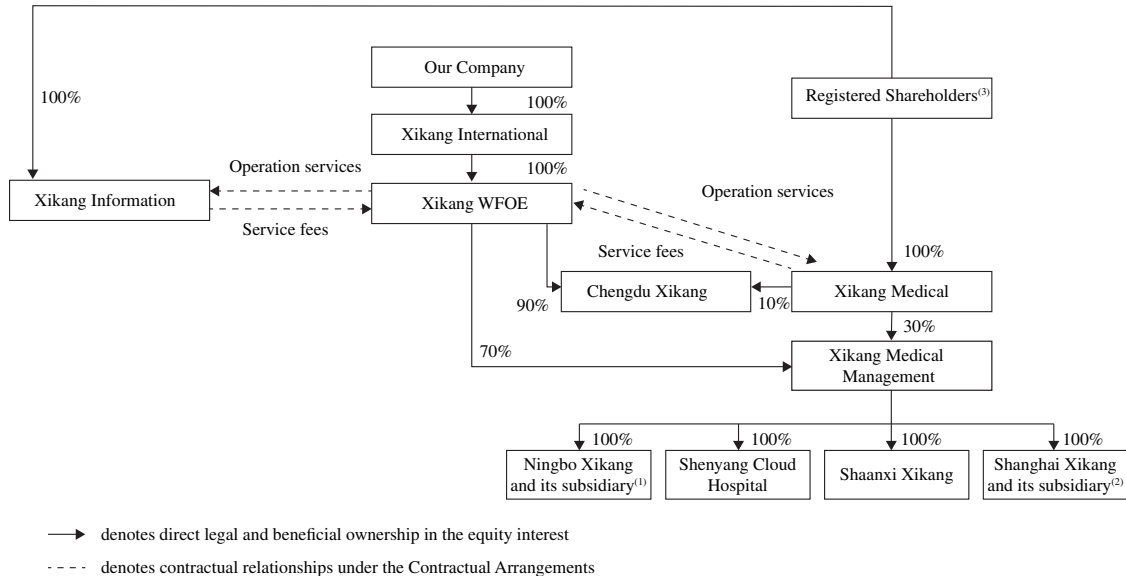
Since the incorporation of our Company, we have completed two rounds of Pre-[REDACTED] Investments. Our Company issued ordinary Shares, Class A Ordinary Shares, Class B Ordinary Shares and Class C Ordinary Shares to the relevant Pre-[REDACTED] Investors, namely Kingset Ventures, Noble Investment, Syn Invest, PICC P&C, Alps Alpine and First Care, between 2015 and 2020. For details of the Pre-[REDACTED] Investments and background of the Pre-[REDACTED] Investors, see “History, Reorganization and Corporate Structure – Pre-[REDACTED] Investments.”

### **CONTRACTUAL ARRANGEMENTS**

Our Company operates certain businesses that are subject to foreign investment restrictions under current PRC laws and regulations. In order to comply with such laws and regulations, while availing ourselves of international capital markets and maintaining effective control over all of our operations, we control our Consolidated Affiliated Entities through the Contractual Arrangements entered into on May 18, 2021. Pursuant to the Contractual Arrangements, we have effective control over and are entitled to receive all the economic benefits generated by the businesses currently operated by the Consolidated Affiliated Entities. For details, see “Contractual Arrangements” in this document.

## SUMMARY

The following simplified diagram illustrates our Contractual Arrangements:



- (1) The subsidiary of Ningbo Xikang refers to Ningbo Cloud Hospital Co., Ltd. (寧波雲醫院有限公司).
- (2) The subsidiary of Shanghai Xikang refers to Shanghai Xikang Clinic Co., Ltd. (上海熙康門診部有限公司).
- (3) As of the Latest Practicable Date, each of Xikang Medical and Xikang Information is held as to 80% by Ms. Zong Wenhong, our executive Director and chief executive officer and 20% by Ms. Wang Shuli, our vice president and chief financial officer. Notwithstanding that each of the Registered Shareholders may hold limited beneficial interest in the Company’s issued share capital upon the [REDACTED], the Group has adopted the following safeguards to manage the potential risks arising from the Contractual Arrangements:
  - (A) The Contractual Arrangements enable WFOE to exercise effective control over Xikang Medical and Xikang Information. No event of default has ever occurred since our current contractual arrangements were put in place and we have not experienced any practical difficulties in enforcing the contractual arrangements. The contractual arrangements agreements are binding upon both of the Registered Shareholders, which are in compliant with the requirements of the HKEX-LD43-3;
  - (B) According to the Contractual Arrangements, the Registered Shareholders entered into the Exclusive Option Agreements (defined below), pursuant to which the Registered Shareholders unconditionally and irrevocably agree to grant Xikang WFOE an exclusive option to purchase all or part of the equity interests in our Onshore Holdcos, as the case may be, for the minimum amount of consideration permitted by applicable PRC laws. Further, the Registered Shareholders and Xikang WFOE also entered into the Equity Pledge Agreements (defined below), according to which the Registered Shareholders unconditionally and irrevocably pledged all of the equity interests in the Onshore Holdcos to Xikang WFOE in order to guarantee Onshore Holdcos’ and their respective Registered Shareholders’ performance of obligations under the Contractual Arrangements; and
  - (C) The Group is managed centrally by the Board and the senior management members as disclosed in “Directors and Senior Management” of the Document, who are primarily responsible for the day-to-day and overall management of the business and operations of the Group. As members of the senior management, Ms. Zong Wenhong and Ms. Wang Shuli, being the Registered Shareholders, are dedicated to carrying out decisions made centrally by the Board and senior management of the Group.

For risks relating to the Contractual Arrangements, see “Risk Factors – Risks Relating to Our Contractual Arrangements.”

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## SUMMARY

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### CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute non-exempt continuing connected transactions and partially exempt continuing connected transactions under Chapter 14A of the Listing Rules after the [REDACTED]. Further particulars about such transactions together with the application for a waiver from strict compliance with the relevant requirements under Chapter 14A of the Listing Rules are set out in “Connected Transactions” of this document.

### OUR SUBSTANTIAL SHAREHOLDERS

As of the Latest Practicable Date, Neusoft Corporation indirectly held approximately 27.94% interest of our issued share capital through Neusoft (HK), Neusoft Holdings indirectly held approximately 23.42% interest of our issued share capital through Smartwave, Dongkong International Fifth and Dongkong International Seventh, and PICC P&C directly held approximately 14.30% interest of our issued share capital.

Immediately following completion of the [REDACTED] presuming the Assumptions, Neusoft Corporation, Neusoft Holdings and PICC P&C will, directly or indirectly, own approximately [REDACTED]%, [REDACTED]% and [REDACTED]%, respectively, of the share capital of our Company. As such, each of Neusoft Corporation, Neusoft Holdings and PICC P&C will constitute a substantial shareholder of the Company under the Listing Rules. For details, see “History, Reorganization and Corporate Structure – Corporate Structure” and “Substantial Shareholders.”

Neusoft Corporation does not have any controlling shareholder or actual controller. As of the Latest Practicable Date, Neusoft Holdings was Neusoft Corporation’s single largest shareholder, holding approximately 14.24% of its total shares. See “Substantial Shareholders” for details of the shareholding structure of Neusoft Holdings. PICC P&C is a company listed on the Main Board of the Stock Exchange (stock code: 02328) with The People’s Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司) being its controlling shareholder.

### SHARE OPTION SCHEMES

In order to achieve strategic goals and fuel our development by providing our Directors, senior management and employees with the opportunity to acquire proprietary interests in our Company, we have adopted the Pre-[REDACTED] SOS as approved by our Board on March 29, 2019. Meanwhile, in order to provide incentives and rewards to participants for their contributions to, and continuing efforts to promote the interest of, the Company, we have adopted the Post-[REDACTED] SOS as approved by our Board on May 27, 2021. The total number of Shares underlying the Pre-[REDACTED] SOS shall be no more than 16,320,000 Shares (or [81,600,000] Shares immediately following the Share Subdivision), representing approximately [REDACTED]% of the total issued share capital of the Company immediately after completion of the [REDACTED] presuming the Assumptions, and the total number of Shares underlying the Post-[REDACTED] SOS Shares shall be no more than approximately 10% of the Shares in issue on the date of the Shares commencing [REDACTED] on the Stock Exchange. For details, see “Appendix IV – Statutory and General Information – D. Share Option Schemes.”

## SUMMARY

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary consolidated financial information for the years or as of the dates indicated. This summary has been derived from our consolidated financial information set forth in the Accountant’s Report in Appendix I to this document. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial information included in the Accountant’s Report in Appendix I to this document, including the accompanying notes, and the information set forth in “Financial Information.” Our consolidated financial information was prepared in accordance with HKFRS.

#### Key Items of Consolidated Statements of Profit or Loss

	Year ended December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
<b>Revenue from contracts with customers . . . . .</b>	<b>503,008</b>	<b>614,302</b>	<b>687,415</b>
Cost of sales and services . . . . .	(368,900)	(444,073)	(518,965)
<b>Gross profit . . . . .</b>	<b>134,108</b>	<b>170,229</b>	<b>168,450</b>
Selling and marketing expenses. . . . .	(96,728)	(135,777)	(126,066)
Research and development expenses. . . . .	(66,761)	(86,421)	(78,959)
Administrative expenses . . . . .	(113,474)	(213,275)	(139,396)
<b>Operating loss. . . . .</b>	<b>(155,957)</b>	<b>(253,596)</b>	<b>(195,477)</b>
<b>Loss before income tax . . . . .</b>	<b>(203,021)</b>	<b>(292,847)</b>	<b>(238,308)</b>
<b>Loss for the year . . . . .</b>	<b>(198,544)</b>	<b>(294,407)</b>	<b>(243,364)</b>
<b>Loss attributable to:</b>			
Owners of the Company. . . . .	(196,203)	(296,301)	(241,962)
Non-controlling interests . . . . .	(2,341)	1,894	(1,402)

#### *Non-HKFRS Measures*

To supplement our consolidated statements of profit or loss which are presented in accordance with HKFRS, we use adjusted net loss for the year (non-HKFRS measure) and adjusted net loss margin (non-HKFRS measure) as non-HKFRS measures, which are not required by, or presented in accordance with, HKFRS. We believe that the presentation of such non-HKFRS measures when shown in conjunction with the corresponding HKFRS measures provides useful information to potential investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of certain items, such as share-based compensation expenses and interest expenses for financial liability for redeemable rights. The use of the non-HKFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to, the analysis of our results of operations or financial condition as reported under HKFRS. In addition, the non-HKFRS measures may be defined differently from similar terms used by other companies.

## SUMMARY

The following table reconciles our adjusted net loss for the year (non-HKFRS measure) to the most directly comparable financial measure in accordance with HKFRS for the years indicated:

	Year ended December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
<b>Loss for the year</b> . . . . .	<b>(198,544)</b>	<b>(294,407)</b>	<b>(243,364)</b>
Add: Share-based compensation expenses . . . . .	34,044	153,560	79,176
Add: Interest expenses for financial liability for redeemable rights . . . . .	15,834	15,562	17,162
<b>Adjusted net loss for the year (non-HKFRS measure)</b>	<b>(148,666)</b>	<b>(125,285)</b>	<b>(147,026)</b>

The non-HKFRS measure, adjusted net loss for the year, used by us has been adjusted for (i) share-based compensation expenses and (ii) interest expenses for financial liability for redeemable rights. In particular, the share-based compensation expenses are a non-cash expense arising from granting share-based awards to selected employees. Meanwhile, the redeemable rights arose from an investment agreement entered into by the Company and a certain investor in round C investments, pursuant to which the Company has an obligation to repurchase its ordinary shares issued to this investor in round C investments. The redeemable rights are recognized as a financial liability and will be automatically cancelled upon the [REDACTED]. We are not expected to have any additional interest expenses for financial liability for redeemable rights.

The following table sets forth our adjusted net loss margin (non-HKFRS measure) for the years indicated:

	Year ended December 31,		
	2020	2021	2022
	<i>%</i>		
Adjusted net loss margin (non-HKFRS measure) <sup>(1)</sup> . . . . .	(29.6)	(20.4)	(21.4)

(1) Adjusted net margin equals adjusted net loss for the year (non-HKFRS measure) divided by revenue for the year and multiplied by 100%. The use of the non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to, the analysis of our results of operations or financial condition as reported under the HKFRS.

Our adjusted net loss (non-HKFRS measure) decreased from RMB148.7 million in 2020 to RMB125.3 million in 2021, and increased to RMB147.0 million in 2022. The increase in our adjusted net loss (non-HKFRS measure) in 2022 was mainly due to a slight decrease in our gross profit and an increase in our net foreign exchange losses, despite decreases in our total operating expenses excluding share-based compensation expenses in 2022 compared to 2021.



## SUMMARY

Our adjusted net loss margin (non-HKFRS measure) decreased from 29.6% in 2020 to 20.4% in 2021, primarily due to a decrease in the adjusted net loss (non-HKFRS measure) and an increase in the revenue. Our adjusted net loss margin (non-HKFRS measure) increased slightly from 20.4% in 2021 to 21.4% in 2022, mainly due to an increase in the adjusted net loss (non-HKFRS measure), as a result of the reasons stated above.

We were able to achieve revenue growth during the Track Record Period, mainly as the scale of all our four business segments continued to grow, particularly as we experienced increased cooperation with local governments and medical institutions for our cloud hospital platform services and increased service volumes of both our Internet healthcare services and health management services. Meanwhile, we had net loss of RMB198.5 million, RMB294.4 million and RMB243.4 million in 2020, 2021 and 2022, respectively, primarily because our growing business scale and revenue generated were unable to fully compensate for our various costs and expenses, as we were still at an early stage of monetization and continued to incur significant selling and marketing expenses, research and development expenses and administrative expenses, particularly employee benefits expenses, share-based compensation expenses, depreciation of property, plant and equipment, depreciation of right-of-use assets and short-term lease expenses, which are relatively fixed costs. In particular, our net loss increased from RMB198.5 million as of December 31, 2020 to RMB294.4 million as of December 31, 2021, mainly attributable to an increase in share-based compensation expenses due to our issuance of Pre-[REDACTED] SOS Options to our employees in January 2021. Our net loss decreased to RMB243.4 million in 2022, primarily attributable to a decrease in share-based compensation expenses, as well as an increase in net impairment losses on financial assets, and net foreign exchange losses. For details, see “Financial Information – Consolidated Statements of Comprehensive Income” and “Risk Factors – Risks Relating to Our Business and Industry – We recorded net operating cash outflows throughout the Track Record Period and expect to incur operating losses in the future, and may not be able to achieve or maintain profitability, and we recorded negative equity or net liabilities during the Track Record Period.”

The following table sets forth our gross profit in absolute amounts and as a percentage of revenue, or gross margins, for the years indicated:

	Year ended December 31,					
	2020		2021		2022	
	Gross profit	Gross margin (%)	Gross profit	Gross margin (%)	Gross profit	Gross margin (%)
	<i>(RMB in thousands, except for percentages)</i>					
Cloud hospital platform services	29,966	38.1	59,431	46.4	56,539	46.2
Internet medical services . . . . .	4,075	7.4	7,369	7.9	16,813	12.2
Health management services . . .	72,170	32.4	88,400	36.7	77,593	37.1
Smart healthcare products . . . . .	27,897	19.0	15,029	9.9	17,505	8.0
<b>Total . . . . .</b>	<b>134,108</b>	<b>26.7</b>	<b>170,229</b>	<b>27.7</b>	<b>168,450</b>	<b>24.5</b>



## SUMMARY

Our cloud hospital platform services segment had relatively high gross margins during the Track Record Period compared to those of the other segments, mainly because the costs of this segment, comprising the costs for development and connection of cloud hospital platforms, are shared among different platforms given the replicability and scalability of our cloud hospital platform model. Our Internet medical services segment had relatively lower gross margins during the Track Record Period, mainly because we adopted competitive pricing strategies to compete in the market. Our health management services segment had generally relatively higher gross margins during the Track Record Period, mainly because we incurred certain costs such as employee benefits expenses of medical professionals, depreciation of medical equipment and lease expenses, which are largely considered as fixed costs. Such fixed costs remained relatively stable regardless of the changes in the scale of our health management services business. Our smart healthcare products segment had relatively low gross margins during the Track Record Period, mainly due to our competitive pricing strategies to increase our market presence among primary medical institutions, which, we believe, will allow us to generate additional synergy from the cloud hospital platform services, Internet medical services and health management services in the long term.

### Key Items of Consolidated Statements of Financial Position

	As of December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
<b>Total non-current assets</b> . . . . .	342,581	320,267	297,944
<b>Total non-current liabilities</b> . . . . .	658,953	754,086	920,293
<b>Total current assets</b> . . . . .	611,521	626,338	636,404
<b>Total current liabilities</b> . . . . .	425,617	459,881	460,053
<b>Net current assets</b> . . . . .	<b>185,904</b>	<b>166,457</b>	<b>176,351</b>
<b>Total shareholders’ deficit</b> . . . . .	<b>(130,468)</b>	<b>(267,362)</b>	<b>(445,998)</b>
– Non-controlling interests. . . . .	2,594	7,018	5,808

Our net current assets decreased to RMB166.5 million as of December 31, 2021 from RMB185.9 million as of December 31, 2020, primarily due to increased trade payables in line with our business growth which outpaced the increase of trade receivables. Our net current assets further increased to RMB176.4 million as of December 31, 2022, primarily due to increased other current assets, mainly relating to the reclassification of long-term trade receivables due within one year from non-current assets to current assets as of December 31, 2022, partially offset by an increase in trade payables in line with our business growth.

We had net liabilities of RMB130.5 million, RMB267.4 million and RMB446.0 million as of December 31, 2020, 2021 and 2022, respectively. We recorded net liabilities during the Track Record Period, partly due to our financial liability for redeemable rights. As the redeemable rights will be automatically cancelled upon the [REDACTED], financial liability for redeemable rights will be re-classified to equity as a result of the automatic conversion into ordinary shares upon the [REDACTED] and our net liabilities position will be largely alleviated as a result. Furthermore, as of December 31, 2022, we had RMB96.9 million of payment to eligible employees under other payables and accruals in relation to our restricted

## SUMMARY

share scheme, which is classified as liabilities and will be re-classified to equity upon the [REDACTED]. In addition, we expect to turn from a net liabilities to net assets position additionally through increases in shareholder contributions upon receiving [REDACTED] from the [REDACTED] and improved results of operations. In particular, we intend to continually increase our revenue and gross profit through measures as discussed in “Business – Business Sustainability,” while improving the efficiency of selling and marketing, research and development, and administrative activities and our spending on such activities, in order to improve our results of operations.

Meanwhile, our net liabilities increased generally during the Track Record Period, primarily in relation to the accumulated loss attributable to owners of the Company, resulting from continued comprehensive loss during the Track Record Period, as the Company was still loss-making. In particular, our net liabilities increased by RMB136.9 million as of December 31, 2021 compared to December 31, 2020, mainly due to (i) loss for the year of RMB294.4 million, and (ii) contributions from shareholders of RMB157.5 million in 2020, which did not occur in 2021. The increase was partially offset by share-based payments of RMB153.6 million. Our net liabilities further increased by RMB178.6 million as of December 31, 2022 compared to December 31, 2021, mainly due to loss for the year of RMB243.4 million, partially offset by share-based payments of RMB79.2 million. For details, see “Financial Information – Description of Certain Components of Our Consolidated Statements of Financial Position” and “Risk Factors – Risks Relating to Our Business and Industry – We recorded net operating cash outflows throughout the Track Record Period and expect to incur operating losses in the future, and may not be able to achieve or maintain profitability, and we recorded negative equity or net liabilities during the Track Record Period.”

### Selected Consolidated Statements of Cash Flows

	Year ended December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Net cash used in operating activities. . . . .	(17,298)	(83,384)	(73,828)
Net cash used in investing activities. . . . .	(195,160)	(5,467)	(8,445)
Net cash generated from financing activities. . . . .	216,288	64,897	64,624
<b>Net increase/(decrease) in cash and cash equivalents . . . . .</b>	<b>3,830</b>	<b>(23,954)</b>	<b>(17,649)</b>
Cash and cash equivalents at the beginning of the year . . . . .	414,297	391,681	364,737
Effects of exchange rate changes on cash and cash equivalents . . . . .	(26,446)	(2,990)	3,660
<b>Cash and cash equivalents at the end of the year . . . . .</b>	<b>391,681</b>	<b>364,737</b>	<b>350,748</b>

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## SUMMARY

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We recorded net operating cash outflows of RMB17.3 million, RMB83.4 million and RMB73.8 million in 2020, 2021 and 2022, respectively, primarily attributable to our loss before income tax, partially offset by adjustments for non-cash and non-operating items, movements in working capital and other cash items.

In particular, our net operating cash outflows increased significantly from RMB17.3 million in 2020 to RMB83.4 million in 2021, mainly due to: (i) an increase of RMB89.8 million in loss before income tax; (ii) a decrease of RMB25.5 million in changes in working capital; (iii) a decrease of RMB22.2 million in adjustments for net gains or losses on disposal of subsidiaries and associates; and (iv) a decrease of RMB21.3 million in adjustments for exchange losses or gains; partially offset by (v) an increase of RMB119.5 million in adjustments for share-based compensation. Our net operating cash outflows decreased by 11.5% from RMB83.4 million in 2021 to RMB73.8 million in 2022, mainly due to: (i) a decrease of RMB54.5 million in loss before income tax; and (ii) an increase of RMB8.0 million in changes in working capital; partially offset by (iii) a decrease of RMB74.4 million in adjustments for share-based compensation. For details, see “Financial Information – Liquidity and Capital Resources – Cash Flows” and “Risk Factors – Risks Relating to Our Business and Industry – We recorded net operating cash outflows throughout the Track Record Period and expect to incur operating losses in the future, and may not be able to achieve or maintain profitability, and we recorded negative equity or net liabilities during the Track Record Period.”

### KEY FINANCIAL RATIOS

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

	Year ended December 31,		
	2020	2021	2022
		(%)	
Revenue growth <sup>(1)</sup> . . . . .	25.9	22.1	11.9
Gross margin <sup>(2)</sup> . . . . .	26.7	27.7	24.5

(1) Revenue growth ratio equals revenue growth divided by revenue for the last year.

(2) Gross margin equals gross profit divided by revenue for the year.

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## SUMMARY

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### BUSINESS SUSTAINABILITY

We had achieved sustained business development but were loss-making during the Track Record Period. Since our inception, we have been pursuing our mission to empower healthcare transformation through information technology by strategically planning for growth and sustainability. Benefiting from the following solid foundation we have built, we believe we are able to maintain sustainability and growth of our business:

- **Revenue.** Revenue generated from each of our business segments witnessed rapid growth during the Track Record Period. We expect that our revenue will continue to grow due to the increase in customer numbers, our deepening relationships with customers and increased average selling prices as we further enhance the quality of our service offerings.
- **Gross profit and gross margin.** We had positive gross profit and gross margins in 2020, 2021 and 2022. The level of our gross margins is largely affected by our business mix. In general, we expect our gross profit and gross margin to improve as we achieve economies of scale of our cloud hospital platforms and as we continue to enrich our service offerings and provide premium services.
- **Operating expense leverage.** During the Track Record Period, because of the growth of our revenue base, our selling and marketing expenses, research and development expenses, and administrative expenses accounted for a lower percentage of our revenue, despite the increases of these expenses in absolute amounts. We expect to further improve the efficiency of our selling and marketing, research and development, and administrative activities and our spending on such activities.

For details, see “Business – Business Sustainability.”

### RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to invest in our [REDACTED]. Some of the major risks we face include: (i) We operate in an emerging and dynamic industry and our historical results of operations and financial performance may not be indicative of future performance; (ii) We are subject to extensive and evolving regulatory requirements, non-compliance with which, or changes in which, may materially and adversely affect our business and prospects; (iii) We may not be able to manage the growth of our business and operations or implement our business strategies on schedule or within our budget, or at all; (iv) The application and scalability of our city-specific cloud hospital platform model in new regions may be affected by factors beyond our control; and (v) We recorded net operating cash outflows throughout the Track Record Period and expect to incur operating losses in the future, and may not be able to achieve or maintain profitability, and we recorded negative equity or net liabilities during the Track Record Period.

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## SUMMARY

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### DIVIDEND

During the Track Record Period, no dividend was declared or paid by the Company. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

Under the Cayman Islands law, our Company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. As advised by our Cayman Islands counsel, subject to the above, there is no restriction under the Cayman Islands law for our Company to declare and pay a dividend despite our accumulated losses. Our Board has complete discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our Shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board. A decision to declare or to pay any dividends in the future, and the amount of any such dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends and other factors that our Board may consider important. No dividend will be declared or payable except out of our profits and reserves lawfully available for distribution. There can be no assurance that dividends of any amount will be declared or distributed in any year.

### USE OF [REDACTED]

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

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], for expansion of city-specific cloud hospital platforms to enlarge our medical networks and user base;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], for enriching our offerings across the industry value chain to provide more professional and diversified healthcare services;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], for research and development on technology infrastructure and data capabilities;

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## SUMMARY

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- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], for potential mergers and acquisitions opportunities; and
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], for working capital and other general corporate purposes.

See “Future Plans and Use of [REDACTED]” in this document for details.

## RECENT DEVELOPMENTS

### Overseas Listing

On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the “Trial Measures”) and five supporting guidelines, which came into effect on March 31, 2023. According to the Trial Measures, where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and where an issuer makes an application for initial public offering and listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted. On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (關於境內企業境外發行上市備案管理安排的通知), which, among others, clarifies that a six-month transition period will be granted to domestic companies which, prior to the effective date of the Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of hearing in the market of Hong Kong or the completion of registration in the market of the United States), but have not completed the indirect overseas listing; if such domestic companies complete the overseas listing within such six-month transition period and there is no re-hearing required by the Stock Exchange during such period, they are not subject to the filing procedure with respect to such overseas listing.

We have passed the hearing before March 31, 2023. Our PRC Legal Advisor is of the view that if there is no re-hearing required by the Stock Exchange and this [REDACTED] can be completed before September 30, 2023, we will not be required to file with the CSRC with respect to this [REDACTED]. The Company expects to complete this [REDACTED] and [REDACTED] before September 30, 2023, and, accordingly, our Directors are of the view that we will not be required to complete the aforesaid filing procedures with the CSRC in connection with this [REDACTED] and [REDACTED]. See “Risk Factors – Risks Relating to the PRC – We may be subject to filing procedure and other requirements of the CSRC or other PRC governmental authorities in connection with this [REDACTED], future capital raising activities and future major events.”



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## SUMMARY

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### **Cybersecurity and Data Privacy**

On November 14, 2021, the CAC published for public comment the Draft Administration Regulations on Internet Data Security (《網絡數據安全管理條例(徵求意見稿)》) (the “Draft CAC Regulations on Internet Data Security”). The final version and effective date of such Draft CAC Regulations on Internet Data Security may be subject to change. As of the date of this document, the Draft CAC Regulations on Internet Data Security had not come into effect and we had not received any notices or inquiries from relevant competent authorities requiring us to apply for cybersecurity review. For more details, see “Regulatory Overview – Regulations Relating to Internet Security.”

On December 28, 2021, the CAC, together with other regulators, jointly announced the Cybersecurity Review Measures (《網絡安全審查辦法》) (the “Cybersecurity Review Measures”), effective from February 15, 2022. Pursuant to the Cybersecurity Review Measures, besides the procurement of network products and services by critical information infrastructure operators, any data processing activities by network platform operators that affect or may affect national security shall be subject to the cybersecurity review as well. In accordance with the Cybersecurity Review Measures, network platform operators handling personal information of more than one million users must apply to the Cybersecurity Review Office for cybersecurity review when listing abroad (國外上市). For more details, see “Regulatory Overview – Regulations Relating to Internet Security,” “Business – Data Privacy and Protection” and “Risk Factors – Risks Relating to Our Business and Industry – The improper use, disclosure or storage of data over our cloud hospital platforms could harm our reputation as well as have a material adverse effect on our business, financial condition, results of operations and prospects.”

### **No Material Adverse Change**

Since January 1, 2023, we have witnessed growth in our business operations, including, but not limited to, increases in the service volumes of both the Internet medical services and health management services in the first four months of 2023 compared to the same period in 2022. In particular, the service volume of the Internet home care services increased from approximately 14,000 in the four months ended April 30, 2022 to approximately 26,000 in the same period of 2023, and the service volume of the health management services increased from approximately 70,000 in the four months ended April 30, 2022 to approximately 100,000 in the same period of 2023.

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 since December 31, 2022 (being the date of our latest audited financial statements) and there has been no event since December 31, 2022 which would materially affect the information shown in the Accountant’s Report set out in Appendix I to this document. We expect to incur net loss for the year ending December 31, 2023, because, despite the expected increase in revenue and gross profit, our gross profit generated was unable to compensate for our operating expenses, including selling and distribution expenses, research and development expenses and administrative expenses. Nonetheless, such expectation is forward-looking in nature and subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, such forward-looking statement reflects the current views of our Company or our management with respect to future events, and are not a guarantee of future performance.

## SUMMARY

### COVID-19 IMPACTS

Since late 2019, a novel strain of coronavirus was detected and emerged globally. In response to the pandemic of the contagious coronavirus disease (“COVID-19”), the Chinese government took a number of actions, which included, among other things, compulsory quarantine arrangements, travel restrictions, remote work arrangements and public activities restrictions. The COVID-19 pandemic also resulted in temporary closure of many corporate offices, retail stores, manufacturing facilities and factories across China. For details of the COVID-19 impacts on our business during the Track Record Period, see “Business – COVID-19 Impacts.” The Chinese government has adjusted its pandemic prevention policies since late 2022, and with the termination of the “dynamic zero-COVID” policy, economic activities have begun to gradually recover and return to normal nationwide since early 2023.

Since January 1, 2023, there has been no material adverse impact on our business operations and financial performance from the COVID-19 pandemic, and we currently do not anticipate any material deviation from our development and expansion plans due to the COVID-19 pandemic. There can be no assurance, however, that the COVID-19 pandemic will not further escalate or have a material adverse effect on our results of operations, financial position or prospects. For details, see “Risk Factors – Risks Relating to Our Business and Industry – An occurrence of a natural disaster, widespread health pandemic or epidemic or other outbreaks could have a material adverse effect on our business, financial condition and results of operations.”

### [REDACTED] STATISTICS

All statistics in the following table are based on the assumptions that (i) the [REDACTED] has been completed and [REDACTED] Shares are issued pursuant to the [REDACTED]; (ii) [REDACTED] Shares are issued and outstanding following the completion of the [REDACTED] saved as disclosed in note (2) below; and (iii) presuming the Assumptions.

	Based on an [REDACTED] of HK\$[REDACTED]	Based on an [REDACTED] of HK\$[REDACTED]
Market capitalization of our Shares <sup>(1)</sup> . . . . .	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share <sup>(2)</sup> . . . . .	HK\$[REDACTED] (RMB[REDACTED])	HK\$[REDACTED] (RMB[REDACTED])

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

(2) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share as of [December 31, 2022] is calculated after making the adjustments referred to in Appendix II to this document and on the basis that [REDACTED] Shares are expected to be in issue immediately upon completion of the [REDACTED] presuming the Assumptions.



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## SUMMARY

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For the calculation of the unaudited [REDACTED] adjusted consolidated net tangible assets per Share attributable to our Shareholders, see “Unaudited [REDACTED] Statement of Adjusted Net Tangible Assets” in Appendix II to this document.

### [REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] expenses will be approximately RMB[REDACTED] (including (i) [REDACTED] of approximately RMB[REDACTED], and (ii) non-[REDACTED] related expenses of approximately RMB[REDACTED], which consist of financial and legal advisor fees and expenses of approximately RMB[REDACTED] and other fees and expenses of approximately RMB[REDACTED]), assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]) and no exercise of the [REDACTED], of which (i) approximately RMB[REDACTED] is directly attributable to the issue of our [REDACTED] and will be deducted from equity, (ii) approximately RMB[REDACTED] has been expensed in our consolidated statements of profit or loss in 2021 and 2022, and (iii) approximately RMB[REDACTED] is expected to be expensed in our consolidated statements of profit or loss after December 31, 2022. Our [REDACTED] expenses account for [REDACTED]% of the gross [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]) and no exercise of the [REDACTED]).

### APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of [REDACTED] of, and permission to [REDACTED], the Shares in issue and to be issued pursuant to the [REDACTED] (including any additional Shares which may be issued pursuant to the exercise of the [REDACTED]) and any Shares which may be issued pursuant to the Pre-[REDACTED] SOS and the Post-[REDACTED] SOS, on the basis that we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our expected market capitalization at the time of [REDACTED], which, based on the low end of the indicative [REDACTED], exceeds HK\$4.0 billion, and (ii) our revenue for the year ended December 31, 2022 being RMB687.4 million (equivalent to approximately HK\$749.6 million), which is over HK\$500.0 million.