
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

Capitalizing on our ability to integrate information technology with medical resources and practices, we have developed and nurtured a replicable and scalable cloud hospital platform model which connects local governments, medical institutions, patients and insurers in China. Our history can be traced back to 2011 when our Company was incorporated as the holding company of our current business. Since then, we have emerged to become a pioneer in the PRC digital healthcare services market offering a number of solutions to help realize continuity across the cycle of healthcare. We developed China’s first city-specific cloud hospital platform according to Frost & Sullivan, and 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. Our solutions primarily encompass the following business lines: (i) cloud hospital platform services, (ii) Internet medical services, (iii) health management services and (iv) smart healthcare products.

BUSINESS MILESTONES

The following is a summary of our key business development milestones since our inception:

Year	Event
2011	<ul style="list-style-type: none">• Our Company was incorporated
2012	<ul style="list-style-type: none">• We implemented “Healthy Hainan”, a province-wide promotional campaign for our primary health management platform
2013	<ul style="list-style-type: none">• We set up offline our own medical institutions in Shenyang of Liaoning province as well as in Hunan province
2014	<ul style="list-style-type: none">• We started building China’s first city-wide cloud hospital platform namely, Ningbo Cloud Hospital, in Ningbo, according to Frost & Sullivan
2015	<ul style="list-style-type: none">• We launched mobile app for our city-wide cloud hospital platform
2016	<ul style="list-style-type: none">• We started to provide Internet home care services on our cloud hospital platforms
2017	<ul style="list-style-type: none">• We were awarded eHealth Champion in the World Summit on the Information Society Prizes 2017 for our Ningbo Cloud Hospital
2020	<ul style="list-style-type: none">• We cooperated with the cardiology department of a Class III Grade A hospital to establish standard processes for post-discharge follow-ups• We completed the construction of a provincial cloud-based supervisory digital healthcare platform in Jiangsu province

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Year	Event
2021	<ul style="list-style-type: none"> • We helped more than 30 hospitals establish their Internet hospital in Ningbo • Our three top types of services of Internet home care services became payable by social insurance over the Ningbo Cloud Hospital platform

OUR MAJOR SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES

As of the Latest Practicable Date, we have 27 intermediate holding companies and Subsidiaries incorporated in the PRC and Hong Kong. We set forth below information about our Group members that we deem significant or made a material contribution to our operating results during the Track Record Period:

Name	Date of establishment	Place of establishment	Ownership as of the Latest Practicable Date	Principal business activities
Xikang WFOE	August 12, 2011	PRC	Wholly owned by Xikang International	Investment holding
Xikang Medical	December 26, 2017	PRC	Owned as to 80% by Ms. Zong Wenhong and 20% by Ms. Wang Shuli, and controlled by Xikang WFOE through the Xikang Medical Contractual Arrangements	Investment holding
Xikang Information	March 27, 2015	PRC	Owned as to 80% by Ms. Zong Wenhong and 20% by Ms. Wang Shuli, and controlled by Xikang WFOE through the Xikang Information Contractual Arrangements	Investment holding
Xikang Medical Management	January 24, 2018	PRC	Owned as to 70% by Xikang WFOE and 30% by Xikang Medical	Investment holding

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Name	Date of establishment	Place of establishment	Ownership as of the Latest Practicable Date	Principal business activities
Ningbo Xikang	July 25, 2014	PRC	Wholly owned by Xikang Medical Management	Investment holding company of Ningbo Cloud Hospital
Ningbo Cloud Hospital	June 26, 2015	PRC	Wholly owned by Ningbo Xikang	Provision of Internet medical services and health management services
Shanghai Xikang	January 11, 2013	PRC	Wholly owned by Xikang Medical Management	Investment holding company of Shanghai Clinic
Shanghai Clinic	September 24, 2015	PRC	Wholly owned by Shanghai Xikang	Provision of Internet medical services and health management services
Xikang Medical System	November 24, 2011	PRC	Wholly owned by Xikang WFOE	Investment holding company of Heilongjiang Neusoft Xikang Technology Co., Ltd. (黑龍江東軟熙康科技有限公司) (“ Heilongjiang Xikang ”)
Liaoning Xikang	October 13, 2011	PRC	Wholly owned by Xikang WFOE	Investment holding company of Dandong Jinhai Xikang Clinic Co., Ltd. (丹東金海熙康門診部有限公司) (“ Dandong Clinic ”)

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MAJOR CORPORATE DEVELOPMENT AND SHAREHOLDING CHANGES OF OUR GROUP

Major Shareholding changes

We describe below the major changes in the shareholding of our Group.

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on May 12, 2011. At the time of incorporation, our Company had an authorized share capital of US\$50,000.00 divided into 50,000 Shares of a nominal value of US\$1.00 each. Immediately after incorporation, one Share of our Company was allotted and issued to an initial subscriber, an Independent Third Party, who on the same day transferred the same to Neusoft (HK). On the same day, our Company allotted and issued 34,999 Shares and 15,000 Shares to Neusoft (HK) and Smartwave, respectively. As a result of the above changes, our Company was held as to 70% by Neusoft (HK) and 30% by Smartwave. Our Company completed a subdivision of Shares of par value of US\$1.00 each into par value of US\$0.001 each in May 2012. The authorized share capital of our Company was subsequently increased and as of the Latest Practicable Date, the authorized share capital of our Company was US\$300,000 divided into 300,000,000 ordinary Shares at par value of US\$0.001 each.

Since the incorporation of our Company, we have completed several 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 between 2015 and 2020. See “– Pre-[REDACTED] Investments” in this section for further details.

Other investments

As of December 31, 2022, we held investments in three companies in the PRC that are principally engaged in the provision of health management services. We believe these companies have businesses that are complementary to ours. See note 12 to the Accountant’s Report set out in Appendix I to this document for further details.

Major Acquisitions, Disposals and Mergers

The Dalian Yunshe Acquisition

On February 17, 2020, Xikang WFOE entered into a capital increase agreement with Dalian Xikang Yunshe Development Co., Ltd. (大連熙康雲舍發展有限公司) (“**Dalian Yunshe**”), pursuant to which Xikang WFOE subscribed for a registered capital of RMB91.7 million in Dalian Yunshe at a consideration of RMB100 million (the “**Dalian Yunshe Acquisition**”). The consideration was determined at arm’s length negotiations between the parties after taking into account the valuation of Dalian Yunshe at the time of the capital increase, which was conducted based on the audited financial information of Dalian Yunshe by an independent valuer. The Dalian Yunshe Acquisition was fully settled on December 28, 2020. Following the completion of the Dalian Yunshe Acquisition, Xikang WFOE held an equity interest of 11.83% in Dalian Yunshe.

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Dalian Yunshe is principally engaged in the operation and management of health preserving hotels. As of the Latest Practicable Date, Dalian Yunshe is owned as to 55.92% by Neusoft Holdings. As such, Dalian Yunshe is an associate of Neusoft Holding and therefore our connected person pursuant to Chapter 14A of the Listing Rules. Through the connection of our cloud hospital platforms with Dalian Yunshe, we provide hotel guests with a series of health management services. As such, Dalian Yunshe serves as a gateway for us to acquire hotel guests as new users on our cloud hospital platforms. In light of the above, our Directors believe that the acquisition of minority interests in Dalian Yunshe could bring synergistic effect to our Group and is conducive to our future development.

The Neusoft Consulting Acquisition

Intending to bring synergistic effect to our Group, Xikang WFOE and Neusoft Corporation entered into an equity transfer agreement on June 1, 2020, pursuant to which Neusoft Corporation transferred 100% equity interest in Neusoft Management Consulting (Shanghai) Co., Ltd. (東軟管理諮詢(上海)有限公司) (“**Neusoft Consulting**”) to Xikang WFOE for a consideration of RMB96.4 million (the “**Neusoft Consulting Acquisition**”). Neusoft Consulting is mainly engaged in business consulting service, including, among others, medical device. The consideration was determined based on arm’s length negotiations between the parties and based on the independent asset valuation of the properties of Neusoft Consulting at the time of such transfer. The consideration was fully settled on September 30, 2020. As the highest applicable percentage ratio as defined under the Listing Rules is less than 25%, the Neusoft Consulting Acquisition does not constitute an acquisition of a material subsidiary or business during the Track Record Period and the pre-acquisition financial information of Neusoft Consulting is not required to be disclosed under Rule 4.05A of the Listing Rules.

As of the Latest Practicable Date, (i) both the Dalian Yunshe Acquisition and the Neusoft Consulting Acquisition have been legally completed, and (ii) all necessary approvals from the relevant authorities for the Dalian Yunshe Acquisition and the Neusoft Consulting Acquisition have been obtained.

Save as disclosed above and in the paragraph headed “ – Corporate Reorganization – Restructuring of the Onshore Entities” in this section, we did not conduct any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

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PRE-[REDACTED] INVESTMENTS

Overview

Our Group has received two rounds of the Pre-[REDACTED] Investments since the commencement of business. The table below sets forth the principal terms of the Pre-[REDACTED] Investments:

Pre-[REDACTED] Investor	Kingset Ventures	Noble Investment	Syn Invest	PICC P&C	Alps Alpine	First Care
Date of the share subscription agreement(s)	September 15, 2015 and April 27, 2016	September 15, 2015 and April 27, 2016	September 15, 2015	December 23, 2016	December 23, 2016	December 13, 2019
Shares in our Company being subscribed for	17,340,000 Class A Ordinary Shares	3,400,000 ordinary Shares	8,500,000 ordinary Shares	20,400,000 Class B Ordinary Shares	1,360,000 Class B Ordinary Shares	12,945,758 Class C Ordinary Shares
Shares immediately following the Share Subdivision	86,700,000 Class A Ordinary Shares ⁽³⁾	17,000,000 ordinary Shares ⁽³⁾	42,500,000 ordinary Shares ⁽³⁾	102,000,000 Class B Ordinary Shares ⁽³⁾	6,800,000 Class B Ordinary Shares ⁽³⁾	64,728,790 Class C Ordinary Shares ⁽³⁾
Total consideration paid	US\$51,000,000	US\$10,000,000	US\$25,000,000	US\$60,000,000	US\$4,000,000	U.S. dollar equivalent of RMB350,000,000 (equivalent to approximately US\$49,997,817)
Date on which investment was fully settled	July 6, 2016	July 4, 2016	December 31, 2015	January 3, 2017	January 10, 2017	January 23, 2020
Basis of consideration	The relevant consideration was determined after arm’s length negotiations between our Company and the Pre-[REDACTED] Investors with reference to the financial performance and the business valuation of our Company, the timing of the investments, the status of our business and operation and our future prospects.					
Cost per share	US\$0.59	US\$0.59	US\$0.59	US\$0.59	US\$0.59	US\$0.77
Post-money valuation of the Company	US\$359 million	US\$359 million	US\$359 million	US\$359 million	US\$359 million	US\$551 million
Discount to the [REDACTED] ⁽¹⁾	[REDACTED] ⁽⁴⁾	[REDACTED] ⁽⁴⁾	[REDACTED] ⁽⁴⁾	[REDACTED] ⁽⁴⁾	[REDACTED] ⁽⁴⁾	[REDACTED] ⁽⁴⁾
Lock-up	Not subject to lock-up	Not subject to lock-up	Not subject to lock-up	Not subject to lock-up	Not subject to lock-up	Not subject to lock-up
Use of proceeds	The proceeds have been fully utilized for contribution into our Group as investment capital to be used for business expansion, capital expenditures and general working capital requirements.					

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Pre-[REDACTED] Investor	Kingset Ventures	Noble Investment	Syn Invest	PICC P&C	Alps Alpine	First Care
Strategic benefits of the investments brought to the Company	Our Directors are of the view that our Company would benefit from the additional capital provided by the Pre-[REDACTED] Investors' investments in our Company and their investments serve as an endorsement of our Company's strength and prospects.					
Shareholding in our Company immediately before the [REDACTED]	12.16%	2.38%	5.96%	14.30%	0.95%	9.08%
Shareholding in our Company immediately after the [REDACTED]⁽²⁾	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%

Notes:

- (1) Assuming the [REDACTED] will be conducted at the midpoint of the [REDACTED], being HK\$[REDACTED].
- (2) Presuming the Assumptions.
- (3) Ordinary Shares, Class A ordinary Share, Class B ordinary Share and Class C ordinary Shares are the same class of Shares, namely ordinary Shares of our Company which were authorized and issued in different rounds of pre-[REDACTED] investments.
- (4) Kingset Ventures, Noble Investment and Syn Invest are financial and passive investors of our Company and their investments in the Company's Shares in September 2015 and April 2016 were based on arm's length negotiation among the parties after taking into consideration of, among others, the financial performance of our Company prior to the date of the respective share subscription agreements, business valuation of our Company, the timing of the investments, the status of business and operation and our future prospects. In the meantime, PICC P&C and Alps Alpine are strategic investors of the Company which were expected to create synergies with our business, and their investment in the Company's Shares in December 2016 have referenced the valuation of the Company in the last round of investment in September 2015 and April 2016, as the cost per share for the subscription of the Company's Shares was determined among the parties in July 2016 in the term sheet entered into by the Company, PICC P&C and Alps Alpine. In addition, PICC P&C and Alps Alpine, as strategic investor of the Company, do not have certain special rights, e.g. divestment rights, enjoyed by our financial investors, as they are expected to have long term cooperation with us in various aspects. In light of the above, the post-money valuations and the discount to the [REDACTED] were the same among these Pre-[REDACTED] Investors based on their commercial negotiation with the Company considering the nature of their investment even though their share subscription agreements were entered into in different time periods.

Special Rights

Pursuant to the Pre-[REDACTED] Shareholders' Agreement, some of the Pre-[REDACTED] Investors were granted certain special rights in relation to our Company, including, among others, divestment rights, director nomination rights, anti-dilution rights, customary rights of first refusal, co-sale rights, pre-emptive rights and information and inspection rights. Certain special rights (including the divestment rights) have been terminated immediately before our Company's [REDACTED] and all remaining special rights will be terminated upon [REDACTED].

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Information about the Pre-[REDACTED] Investors

Save as disclosed herein, (i) each of the Pre-[REDACTED] investors does not have any past or present relationship with any other Pre-[REDACTED] investors and their respective ultimate beneficial owners; and (ii) each of the Pre-[REDACTED] investors does not have any past or present relationships with our Company and subsidiaries, their respective controlling shareholders, directors, senior management or any of their respective associates.

Kingset Ventures

Kingset Ventures, a company incorporated in the BVI, is a group member of Hony Capital. Hony Capital, founded in 2003 and sponsored by Legend Holdings (聯想控股), is a leading investment management firm. It has invested in over 100 companies in areas of pharmaceutical and healthcare, consumer products, food and beverage, entertainment, environmental protection and new energy, as well as machinery and equipment manufacturing. Hony Capital and its group members manage assets on behalf of institutional clients such as foundations, sovereign wealth funds, university endowments and family offices.

Noble Investment

Noble Investment, a company incorporated in the Cayman Islands, is ultimately controlled by The Goldman Sachs Group, Inc., a company incorporated under the laws of Delaware and whose shares are listed on the New York Stock Exchange (ticker symbol: GS). The Goldman Sachs Group, Inc. is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals.

Syn Invest

Syn Invest is a company established in the BVI and fully owned by Shenzhen Synergetic Hechuang Investment Management Partnership (Limited Partnership) (深圳市協同禾創投資管理合夥企業(有限合夥)) (“**Synergetic Hechuang**”). Synergetic Hechuang is a limited partnership established in the PRC. It is managed by its general partner, Synergetic Innovation Fund Management Co., Ltd. (協同創新基金管理有限公司) (“**SIFMC**”) and owned as to 80% by Shanghai Gopher Xinmian Investment Center (Limited Partnership) (上海歌斐信勉投資中心(有限合夥)) (“**Shanghai Gopher Xinmian**”) controlled by Chinese investor Ms. Wang Jingbo (汪靜波), 19.8% by Ms. LI Qi (李琦) and 0.2% by Shenzhen Synergetic Heshun Investment Partnership (Limited Partnership) (深圳市協同禾順投資合夥企業(有限合夥)) (“**Synergetic Heshun**”). SIFMC, a professional investment fund management company, has a registered capital of RMB117.7 million and is headquartered in Shenzhen, with branches in Beijing, Wuhan, and Luxembourg. It specializes in investment management, capital markets operations, mergers and acquisitions, equity investment, incubation services, real estate investment and financing advising and consulting. Both SIFMC and Synergetic Heshun are ultimately beneficially owned by Chinese investor Dr. Wanshou Li (李萬壽).

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PICC P&C

PICC P&C, established in the PRC in July 2003, is the largest property and casualty insurance company in the PRC. PICC P&C was listed on the Main Board of the Stock Exchange on November 6, 2003 (stock code: 02328), being the first overseas listed financial company in the PRC.

Alps Alpine

Alps Alpine is a company established in Japan whose shares are listed on the Tokyo Stock Exchange (stock code: 6770). Alps Alpine is a leading manufacturer of electronic components and automotive infotainment systems. Alps Alpine and its affiliates currently operate in 26 countries and regions, supplying approximately 40,000 different products and solutions to around 2,000 companies worldwide. Those offerings include devices such as switches, sensors, data communication modules, touch input panels, actuators and power inductors, as well as systems and services such as digital type keys based on smartphone app and blockchain technology, and remote monitoring.

First Care

First Care is a company incorporated in the Cayman Islands and principally engaged in investment activities. It is owned as to 70% by Suzhou 6 Dimensions Investment Partnership (蘇州通和毓承投資合夥企業(有限合夥)) (“**Suzhou 6 Dimensions**”) and 30% by Suzhou Frontline Phase II Venture Capital Partnership (蘇州通和二期創業投資合夥企業(有限合夥)) (“**Suzhou Frontline II**”). Suzhou 6 Dimensions and Suzhou Frontline II and their affiliates have an aggregate of approximately RMB3.7 billion of assets under management. Suzhou 6 Dimensions is controlled by its general partner, Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業(有限合夥)) (“**Suzhou Tongyu**”). Suzhou 6 Dimensions has 13 limited partners, the largest of which is Suzhou Innovative Industry Development Guiding Fund (Limited Partnership) (蘇州市創新產業發展引導基金(有限合夥)), a state-owned fund, holding approximately 19.5% of its partnership interest, and each of the other 12 limited partners of Suzhou 6 Dimensions holds less than 15% of its partnership interest. Suzhou Frontline II is controlled by its general partner, Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership) (蘇州富沿創業投資管理合夥企業(有限合夥)) (“**Suzhou Fuyan**”). Suzhou Frontline II has 15 limited partners, the largest of which is Suzhou Industrial Park Guochuang Tonghe Equity Investment Partnership (Limited Partnership) (蘇州工業園區國創通和股權投資合夥企業(有限合夥)), beneficially owned by Aeon Life Insurance Company Limited (百年人壽保險股份有限公司), with Dalian Wanda Group Co., Ltd. (大連萬達集團股份有限公司) being its single largest shareholder holding approximately 11.5% of its equity shares, holding approximately 18.1% of its partnership interest and each of the other 14 limited partners of Suzhou Frontline II holds less than 15% of its partnership interest. Both of Suzhou Tongyu and Suzhou Fuyan are in turn controlled by their general partner, Suzhou Yunchang Investment Consulting Limited (蘇州蘊長投資諮詢有限公司) (“**Suzhou Yunchang**”), a company ultimately beneficially owned by Mr. CHEN Ziqing (陳梓卿). Suzhou 6 Dimensions, Suzhou Frontline II, Suzhou Tongyu, Suzhou

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Fuyan and Suzhou Yunchang are referred to as “6 Dimensions Entities”. 6 Dimensions Entities are global investment platforms with a focus on innovative life science companies in the PRC and the United States. The portfolio companies of 6 Dimensions Entities include, among others, CStone Pharmaceuticals, Hua Medicine, Ocumension Therapeutics, 111, Inc., Kymera Therapeutics, iTeos Therapeutics, Ideaya Biosciences, Fulcrum Therapeutics, TCR² Therapeutics, Viela Bio, Inc., Innovent Biologics, Inc. and Shenzhen Kangtai Biological Products Co., Ltd., all of which are biotech or pharmaceutical companies.

Public Float

Save for PICC P&C and Kingset Ventures, upon completion of the [REDACTED] and presuming the Assumptions, none of the Pre-[REDACTED] investors are core connected persons (as defined under the Listing Rules) of our Company and the subscriptions of the Shares by the Pre-[REDACTED] Investors are not financed directly or indirectly by a connected person of our Company. Therefore, save for PICC P&C and Kingset Ventures, the Shares held by the Pre-[REDACTED] investors, representing [REDACTED]% of our enlarged issued share capital presuming the Assumptions, will be counted towards public float of our Company.

Compliance with Interim Guidance and Guidance Letters

The Sole Sponsor confirm that the Pre-[REDACTED] Investments are in compliance with (i) the Interim Guidance on Pre-IPO Investments issued by the Stock Exchange on October 13, 2010 and the Guidance Letter HKEX-GL29-12 reproducing the same issued by the Stock Exchange in January 2012 and updated in March 2017; and (ii) the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and updated in July 2013 and March 2017.

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Notes:

- (1) 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. Neusoft Holdings holds 100% equity interests in Smartwave, Dongkong International Fifth and Dongkong International Seventh respectively through various intermediary entities. See “Substantial Shareholders” and “– Relationship Among Our Certain Shareholders” in this section for details of the shareholding structure of Neusoft Holdings.
- (2) 5,440,000 Shares of the Company before the Reorganization are held by KangRich, which is wholly owned by Beijing Kangji Management Consulting Partnership (Limited Partnership) (北京康驥管理諮詢合夥企業(有限合夥), “**Beijing Kangji**”). The general partner of Beijing Kangji is Shenyang Ruiqian Business Consulting Co., Ltd. (瀋陽睿前商務諮詢有限公司) (“**Shenyang Ruiqian**”), which is held as to 50% by Ms. Zong Wenhong, our executive Director and chief executive officer, and 50% by Dr. Wang Nan, our non-executive Director, and the limited partners of Beijing Kangji are five limited partners each holding 19.9975% interest in Beijing Kangji (the “**Five LPs of Kangji**”) and Shenyang Ruiqian which is interested in 0.02% in Beijing Kangji. The partners of the Five LPs of Kangji are a total of 112 employees of the Company, including Ms. Zong Wenhong, our Executive Director and chief executive officer. None of the 112 employees of the Company is entitled to significant economic interests in the Five LPs of Kangji. Such 5,440,000 Shares held by KangRich were issued pursuant to a restricted share unit scheme (the “**2016 RSU Scheme**”) of the Company adopted in August 2016 for the benefit of its employees. As of the Latest Practicable Date, all the underlying restricted share units under the 2016 RSU Scheme have been granted to 112 employees of the Company, and held by KangRich as the shareholding platform on behalf of these employees. Since each of Ms. Zong Wenhong and Dr. Wang Nan is able to control 50% of the voting power in Shenyang Ruiqian, which is the general partner of Beijing Kangji, Ms. Zong Wenhong and Dr. Wang Nan are deemed to be interested in the 5,440,000 Shares held by KangRich. As such, KangRich is not considered as a member of “the public” for the purpose of Rule 8.24 of the Listing Rules.
- (3) (i) Xikang Smart Wearable Equipment refers to Neusoft Xikang (Ningbo) Smart Wearable Equipment Co., Ltd. (東軟熙康(寧波)智能可穿戴設備有限公司); (ii) Hunan Xikang refers to Hunan Xikang Health Management Co., Ltd. (湖南熙康健康管理有限公司) (“**Hunan Xikang**”); (iii) Anhui Xikang refers to Anhui Xikang Health Management Co., Ltd. (安徽熙康健康管理有限公司); (iv) Hubei Xikang refers to Hubei Xikang Health Management Co., Ltd. (湖北熙康健康管理有限公司) (“**Hubei Xikang**”); (v) Guangzhou Xikang refers to Guangzhou Xikang Health Technology Co., Ltd. (廣州熙康健康科技有限公司) (“**Guangzhou Xikang**”); (vi) Fujian Xikang refers to Fujian Xikang Health Management Service Co., Ltd. (福建熙康健康管理服務有限公司) (“**Fujian Xikang**”); (vii) Chongqing Xikang refers to Chongqing Xikang Health Technology Co., Ltd. (重慶熙康健康科技有限公司); (viii) Beijing Xikang refers to Beijing Neusoft Xikang Health Management Co., Ltd. (北京東軟熙康健康管理有限公司); (ix) Shaanxi Xikang refers to Shaanxi Xikang Health Management Co., Ltd. (陝西熙康健康管理有限公司); (x) Shenyang Cloud Hospital refers to Shenyang Xikang Cloud Hospital Co., Ltd. (瀋陽熙康雲醫院有限公司); (xi) Chengdu Xikang refers to Chengdu Neusoft Xikang Health Management Service Co., Ltd. (成都東軟熙康健康管理服務有限公司); (xii) Dalian Xikang refers to Dalian Xikang Health Management Consulting Co., Ltd. (大連熙康健康管理諮詢有限公司); (xiii) Hefei Shushan Clinic refers to Hefei Shushan Xikang Health Examination Outpatient Department Co., Ltd. (合肥蜀山熙康健康體檢門診部有限公司) (“**Hefei Shushan Clinic**”); (xiv) Hefei Baohe Clinic refers to Hefei Baohe Xikang Comprehensive Clinic Co., Ltd. (合肥包河熙康綜合門診部有限公司); (xv) Wuhan Clinic refers to Wuhan Jinghan Xikang Comprehensive Clinic Co., Ltd. (武漢京漢熙康綜合門診部有限公司); (xvi) Guangzhou Clinic refers to Guangzhou Haizhu Xikang Clinic Co., Ltd. (廣州海珠熙康門診部有限公司); (xvii) Fuzhou Clinic refers to Fuzhou Cangshan Xikang Comprehensive Clinic Co., Ltd. (福州倉山區熙康綜合門診部有限公司); (xviii) Fuzhou Health Examination Center refers to Fuzhou Xikang Health Examination Center Co., Ltd. (福州熙康健康體檢中心有限公司) (“**Fuzhou Clinic**”); (xix) Chongqing Clinic refers to Chongqing Jinxi Traditional Chinese and Western Medicine Clinic Co., Ltd. (重慶金熙中西醫結合門診部有限公司); (xx) Shanghai Lingang Xikang Cloud Hospital refers to Shanghai Lingang Xikang Cloud Hospital Co., Ltd. (上海臨港熙康雲醫院有限公司); (xxi) Dalian Clinic refers to Dalian Neusoft Xikang Comprehensive Clinic Co., Ltd. (大連東軟熙康綜合門診部有限公司).

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- (4) Taiyuan Xikang refers to Taiyuan Xikang Cloud Hospital Management Co., Ltd. (太原熙康雲醫院管理有限公司). Prior to the Reorganization, Taiyuan Xikang was held as to 90% by Xikang WFOE and 10% by Taiyuan Tangcheng Hospital Management Co., Ltd. (太原市唐城醫院管理有限公司). On December 12, 2021, Taiyuan Tangcheng Hospital Management Co., Ltd. withdrew from Taiyuan Xikang and the registered share capital of Taiyuan Xikang was reduced from RMB10 million to RMB9 million, upon the completion of which Taiyuan Xikang became a wholly-owned subsidiary of our Company.
- (5) Chongqing Jinxi refers to Chongqing Jinxi Health Management Co., Ltd. (重慶熙康健康管理有限公司). As of the Latest Practicable Date, Chongqing Jinxi was held as to 51% by Xikang WFOE and 49% by Jinke Industry Investment Development Group Co., Ltd. (金科產業投資發展集團有限公司) (“**Jinke**”), which is an Independent Third Party and is a wholly-owned subsidiary of Jinke Property Group Co., Ltd. (金科地產集團股份有限公司), a company established in the PRC whose shares are listed on the Shenzhen Stock Exchange (stock code: 656), and an Independent Third Party.
- (6) As of the Latest Practicable Date, Dandong Clinic was held as to 60% by Liaoning Xikang and 40% by Dandong Jindi Yingda Real Estate Development Co., Ltd. (丹東金地盈達房地產開發有限公司) (“**Dandong Jindi Yingda**”), which is in turn held as to 51% by Gao Yan and 49% by Jia Benxin through Liaoning Jinhai Real Estate Development Group Co., Ltd. (遼寧金海房地產開發集團有限公司), all of whom are Independent Third Parties. Our Directors believe that property developers, such as Jinke and Dandong Jindi Yingda, could leverage the cooperation with our Group to offer a wider range of value-added services, in particular Internet medical services and health management services, to the communities they developed, which will in turn raise the value of their properties and enhance their brand reputation.
- (7) Prior to the Reorganization, the remaining equity interests of Aerotel Medical Systems (1998) Limited was held as to (i) 24.96% by Aerotel Ltd.; (ii) 3.46% by Israel Ind. Res.; (iii) 1.85% by David Rubin; (iv) 0.58% by David Stanley; (v) 0.49% by Israel Ind. LB; and (vi) 0.10% by Padani-Lustig, all of whom are Independent Third Parties. On January 2, 2022, we transferred 68.55% equity interest in Aerotel Medical Systems (1998) Limited to Aerotel Ltd.
- (8) (i) Guangzhou Xikang was deregistered on February 15, 2022 and (ii) Guangzhou Clinic was deregistered on January 27, 2022. Both Guangzhou Xikang and Guangzhou Clinic were loss making during the Track Record Period, and they generated less than 2% of the total revenue of the Group during the Track Record Period. As advised by our PRC Legal Advisor, during the Track Record Period, neither Guangzhou Xikang nor Guangzhou Clinic has been involved in any material non-compliant incidents.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

We underwent the following steps in effecting the Reorganization:

Restructuring of Onshore Entities

To streamline our business operations and optimize our corporate structure for the purpose of the [REDACTED], we transferred the equity interests in certain onshore entities to Jiangsu Lixin Technology Development Co., Ltd. (江蘇立新科技發展有限公司) (“**Jiangsu Lixin**”), an Independent Third Party. Details of the transfers are set out below:

Name	Place of establishment	Ownership prior to the Reorganization	Principal business activities	Transaction
Neusoft Consulting	PRC	Wholly owned by Xikang WFOE	Business operations are yet to commence	On April 20, 2021, Jiangsu Lixin, a company whose principal businesses include property management, engaged in a capital increase of RMB107.1 million in Neusoft Consulting to preserve and increase the value of Neusoft Consulting, following which Neusoft Consulting is owned as to 51% and 49% by Jiangsu Lixin and Xikang WFOE, respectively. The considerations were determined after arm’s length negotiations between the parties and based on independent asset valuation of the properties of Neusoft Consulting.
Dalian Xikang	PRC	Wholly owned by Liaoning Xikang	Investment holding	On April 20, 2021, Liaoning Xikang transferred 100% of the equity interest in Dalian Xikang to Jiangsu Lixin at a consideration of RMB13 million. The considerations were determined after arm’s length negotiations between the parties and based on independent asset valuation of the properties of Dalian Xikang.
Chongqing Xikang	PRC	Wholly owned by Xikang WFOE	Investment holding	On April 20, 2021, Xikang WFOE transferred 100% of the equity interest in Chongqing Xikang to Jiangsu Lixin at nil consideration.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name	Place of establishment	Ownership prior to the Reorganization	Principal business activities	Transaction
Shanghai Cloud Hospital	PRC	Wholly owned by Shanghai Xikang	Business operations are yet to commence	On April 20, 2021, Shanghai Xikang transferred 100% of the equity interest in Shanghai Cloud Hospital to Jiangsu Lixin at a consideration of RMB9.5 million. The considerations were determined after arm’s length negotiations between the parties and based on independent asset valuation of the properties of Shanghai Cloud Hospital.
Hefei Baohe Clinic	PRC	An indirect wholly owned subsidiary of Xikang WFOE	Business operations are yet to commence	On April 20, 2021, Anhui Xikang transferred 100% of the equity interest in Hefei Baohe Clinic to Jiangsu Lixin at a consideration of RMB8.2 million. The considerations were determined after arm’s length negotiations between the parties and based on independent asset valuation of the properties of Hefei Baohe Clinic.
Fuzhou Health Examination Center	PRC	An indirect wholly owned subsidiary of Xikang WFOE	Business operations are yet to commence	On April 20, 2021, Fujian Xikang transferred 100% of the equity interest in Fuzhou Health Examination Center to Jiangsu Lixin at nil consideration.
Beijing Xikang	PRC	Wholly owned by Xikang Medical Management	Business operations are yet to commence	On April 20, 2021, Xikang Medical Management transferred 100% of the equity interest in Beijing Xikang to Jiangsu Lixin at nil consideration.

None of the above onshore entities were involved in any material non-compliance incidents or legal proceedings/disputes during the Track Record Period.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Transfer of equity interest in Chengdu Xikang by Xikang Medical Management to Xikang WFOE and Xikang Medical

Pursuant to (i) the Catalog of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) promulgated in 2015 and 2017; (ii) the Special Management Measures (Negative List) for the Access of Foreign Investment 《外商投資准入特別管理措施(負面清單)》 promulgated in 2018, 2019, 2020 and 2021; (iii) the Interim Administrative Measures on Sino-Foreign Equity Medical Institutions and Sino-Foreign Cooperative Medical Institutions (《中外合資、合作醫療機構管理暫行辦法》); and (iv) the verbal consultation with an officer of the NHC conducted by the respective PRC legal advisors of our Company and the Sole Sponsor, except in Sichuan Province, foreign investors are not allowed to hold, either directly or indirectly, more than 70% equity interest in a “medical institution” established on or after April 10, 2015 in the PRC. Pursuant to the Administrative Measures on Sino-Foreign Equity Medical Institutions and Sino-Foreign Cooperative Medical Institutions of Sichuan Province (《四川省中外合資、合作醫療機構管理辦法》) and based on the telephone consultation with an officer of the Health Commission of Sichuan (四川省衛生健康委員會) conducted by the respective PRC legal advisors of our Company and the Sole Sponsor, foreign investors are not allowed to hold, either directly or indirectly, more than 90% equity interest in a medical institution in Sichuan Province (“**Less Stringent Foreign Investment Restrictions in Sichuan Province**”). For details, please see “Contractual Arrangements – Overview.”

As advised by our PRC Legal Advisor, Chengdu Neusoft Xikang Health Management Service Co., Ltd. Gaoxin Ronghua North Road Comprehensive Clinic (成都東軟熙康健康管理服務有限公司高新榮華北路綜合門診部), a branch company of Chengdu Xikang, is considered a “medical institution” in Sichuan Province and is subject to the Less Stringent Foreign Investment Restrictions in Sichuan Province. Prior to the Reorganization and in compliance with the applicable PRC laws and regulations, Chengdu Xikang was wholly owned by Xikang Medical Management, which is in turn owned as to 70% by Xikang WFOE. In order to narrowly tailor the Contractual Arrangements to the maximum extent in preparation for the [REDACTED] as required under the Listing Decision LD43-3, on April 30, 2021, Xikang Medical Management transferred 90% and 10% of the equity interest in Chengdu Xikang to Xikang WFOE and Xikang Medical at nil consideration.

Contractual Arrangements

In preparation of the [REDACTED], on May 18, 2021, the Company terminated its previous contractual arrangements entered into between Xikang WFOE, each of Xikang Information and Xikang Medical and their respective shareholders (the “**Previous Contractual Arrangements**”) and entered into a series of new contractual arrangements by and among (i) Xikang WFOE, Xikang Information, Ms. Zong Wenhong and Ms. Wang Shuli; and (ii) Xikang WFOE, Xikang Medical, Ms. Zong Wenhong and Ms. Wang Shuli, including the exclusive management consultancy and business cooperation agreement, exclusive option agreement, equity pledge agreement, spouse undertakings letter and power of attorney.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

As advised by our PRC Legal Advisor, the PRC subsidiaries in our Group have obtained the requisite government approvals in respect of the Reorganization and the Reorganization complies with the relevant laws and regulations in all material respects.

SHARE OPTION SCHEMES

Pre-[REDACTED] SOS

The Pre-[REDACTED] SOS was adopted by our Board on March 29, 2019. The purpose of the Pre-[REDACTED] SOS is to achieve strategic goals and fuel the development of our Company by providing our Directors, senior management and employees with the opportunity to acquire proprietary interests in our Company.

As of the Latest Practicable Date, the options under the Pre-[REDACTED] SOS in respect of an aggregate of 16,320,000 Shares (or [81,600,000] Shares immediately following the Share Subdivision), representing approximately [REDACTED]% of the Shares upon completion of the [REDACTED] presuming the Assumptions, have been granted to 428 Grantees, and all these options are still outstanding and unexercised. See “Statutory and General Information – D. Share Option Schemes – 1. Pre-[REDACTED] SOS” in Appendix IV for details.

Post-[REDACTED] SOS

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. See “Statutory and General Information – D. Share Option Schemes – 2. Post-[REDACTED] SOS” in Appendix IV for details.

We will comply with Chapter 14A of the Listing Rules and other applicable Listing Rules when the options granted to connected persons under the Pre-[REDACTED] SOS and Post-[REDACTED] SOS are exercised.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRC REGULATORY REQUIREMENTS

M&A Rules

According to the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”) jointly issued by MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the STA, the CSRC, the SAIC and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise.

Our PRC Legal Advisor is of the opinion that, based on its understanding of the current PRC laws and regulations, approval from MOFCOM under the M&A Rules is not required because (i) our Xikang WFOE was not established through a merger or acquisition of equity interest or assets of a PRC domestic company owned by PRC companies or individuals as defined under the M&A Rules that are the beneficial owners of our Company, and (ii) no provision in the M&A Rules clearly classifies contractual arrangements as a type of transaction subject to the M&A Rules.

Foreign Investment into Medical Institutions and our Compliance with Relevant Rules

According to the Foreign Investment Orientation Provisions, which was promulgated by the State Council on February 11, 2002 and came into effect on April 1, 2002, projects with foreign investment shall fall into four categories, namely, encouraged, permitted, restricted and prohibited. The encouraged, restricted and prohibited projects with foreign investment shall be listed in the Catalog of Industries for Guiding Foreign Investment while any project not listed in the catalog is deemed to be a permitted project for foreign investment.

Medical institutions were not listed in restricted or prohibited category under the Catalog of Industries for Guiding Foreign Investment (2011 version) (《2011年外商投資產業指導目錄》), effective on January 30, 2012, the “**2011 Catalog**”). The Catalog of Industries for Guiding Foreign Investment (2015 Version) (《2015年外商投資產業指導目錄》) (the “**2015 Catalog**”) replaced the 2011 Catalog and categorized medical institution as an industry that falls into the restricted category for foreign investment since April 10, 2015.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

We, through Xikang WFOE, established certain of our medical institutions, namely, Liaoning Neusoft Xikang Health Management Co., Ltd. Wenti Road Comprehensive Clinic (遼寧東軟熙康健康管理有限公司文體路綜合門診部), a branch company of Liaoning Xikang, Hunan Xikang Health Management Co., Ltd. Renshu Xikang Comprehensive Clinic (湖南熙康健康管理有限公司仁術熙康綜合門診部), a branch company of Hunan Xikang, Wuhan Clinic, Hefei Shushan Clinic and Fuzhou Clinic between January 30, 2011 and April 10, 2015 according to the then effective 2011 Catalog. On April 16, 2021, the respective PRC legal advisors of our Company and of the Sole Sponsor conducted telephone consultation with an officer of the NHC who verbally confirmed that, (i) foreign investors may indirectly establish medical institutions through an ownership structure between January 30, 2011 and April 10, 2015 in the PRC and may hold 100% equity interests of such medical institutions, and (ii) such ownership structure is in compliance with the then effective rules and no need to be further adjusted though the 2015 Catalog was promulgated there after. Accordingly, we may continue owning and operating the medical institutions stated above through Xikang WFOE. Please refer to the “Corporate Structure after the [REDACTED]” for further details.

Following the issue of the 2015 Catalog, operation of “medical institution” established on or after April 10, 2015 in the PRC falls within the “restricted category” for foreign investment under the PRC laws and we operate our medical institutions through Contractual Arrangement. For further details, please refer to “Contractual Arrangement – Overview”.